

NEWS SUMMARY

GENERAL

Bhuttos seized in new curbs

Several Pakistani political leaders—including the wife and daughter of executed former Prime Minister Zulfikar Ali Bhutto—were detained hours after President Zia-ul-Haq announced that he had postponed next month's general elections.

The politicians were reported to have been served with three-month detention orders and confined to their homes. Under Gen Zia's new restrictions political parties and any political activity is banned and party funds frozen.

Another person detained was retired Air Marshal Asghar Khan, leader of the centre Tehrik-i-Istislah Party which, unlike the People's Party now being run by Bhutto's widow, had registered to take part in the planned elections. Page 4

ITV delay

The independent television companies are expected to have to wait at least a week to know if their 45 per cent, two-year pay offer to technicians will be accepted and broadcasting resumed. Page 9

Fairly sacked

An industrial tribunal ruled that National Union of Public Employees shop steward Bill Geddes, a carpenter at Hammer-smith Hospital, was fairly sacked for spraying paint on a hospital wall. Page 1

£90 hotel room

The £200 a night mark has been passed for a standard hotel room in London. The Ritz, part of the Trafalgar House group, is now charging £90 for a twin room, inclusive of VAT and English breakfast. Back Page, News analysis, Page 7

Fighter project

British, French and West German military aircraft manufacturers have begun six months of talks on possible collaboration on a new tactical combat aircraft for the late 1980s and beyond. The project is expected to cost several billion pounds. Back Page

Nobel award

The Nobel Peace Prize has been awarded to Mother Teresa, the Albanian missionary, for her work for humanity. She founded the Missionaries of Charity in Calcutta in 1950, and the order now runs more than 120 homes for the poor in 25 countries. Page 2

Soldier shot

A soldier was shot in the head during a gun attack in Belfast. A booby trap, left in a dustbin in the house from which the attack took place, was dismantled.

Sino-Soviet talks

Talks between Chinese and Russian negotiators, which could herald the start of a new era of relations between Moscow and Peking began in Moscow. Officials from both sides have said they expect the talks to be long and difficult.

Riot gear plea

Police need better riot control equipment to protect them from injury, said an official at the annual meeting in Rothsay of the United Kingdom's police federations.

Briefly...

Common Market is sending 5,000 tonnes of rice to feed starving Kampucheans. Opening of Glasgow's £45m underground system to be inaugurated by the Queen on November 1 has been postponed because of power supply and signalling system delays.

BUSINESS

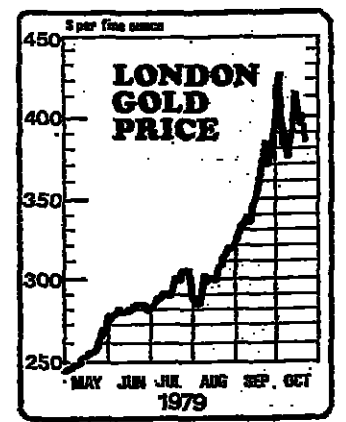
Dollar firmer; Gold off \$8

● EQUITY leaders drifted down after initial gains and the FT 30-share index closed 0.2 lower at 472.3.

● GILTS continued their recovery with longs and shorts settling at 3 to 1 higher. The Government Securities Index gained 0.25 to 71.35.

● STERLING fell 80 points to \$2.1450, its trade-weighted index easing from 58.9 to 58.8. The dollar rose sharply in late trading, closing at DM 1.8823 (DM 1.7990), and its index rose from 85.9 to 86.2.

● GOLD fell \$8 an ounce in London to \$383.1.



● WALL STREET was 7.17 higher at \$36.69 before the close.

UK managers 7% better off

● MANAGERS in the UK are 7 per cent better off on average in real terms this year, compared with 1978, and are more likely to receive fringe benefits, says a consultant's survey. Despite inflation, budget tax cuts have raised average take-home pay by 25 per cent. Page 7

● SINGER, the U.S. sewing machine group, is to make "substantial reductions in the workforce" at its West German plant which employs over 1,000 people.

● THE RATE of economic growth appears to have fallen after the rapid expansion of the late spring and early summer, according to Central Statistical Office indices. Back Page

● THE GOVERNMENT may face increased pressure to strengthen its labour laws proposals to provide for a statutory review of present closed shops, following a CBI review of the engineering strike settlement. Back Page

● POST OFFICE will be "many millions of pounds overspent" on cash limits this year, mainly because of higher pay settlements, the corporation's chairman has warned.

● COMMODITIES Futures Trading Commission of the U.S. is to study new ways of controlling the precious metals markets following concern over the recent high price fluctuations.

● ROLLS-ROYCE is bidding for a contract to supply a nuclear reactor for an icebreaker which the Canadian Government plans to build. Page 6

COMPANIES

● MARSHALL'S UNIVERSAL, a motor components distributor, reports first-half taxable profits down to £1.41m from £2.04m a year ago on lower turnover. Page 27

● DUPONT engineering and steels group reports taxable profits up from £3.24m to £4.14m for the first half of 1979. Page 27

● LONRHO has continued a run of bids and deals with an agreed £22.8m offer for Dutton-Forsyth, the BL and Rolls-Royce distributor. Page 28

Saudi Arabia 'can do little to halt oil price rises'

BY RICHARD JOHNS AND RAY DAFTER

Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, has warned that Saudi Arabia can do little to prevent rising oil prices.

He blamed the recent rise by three leading members of the Organisation of Petroleum Exporting Countries on the failure of the leading industrialised countries to curb their consumption.

"I think we're losing control over everything," he said at Reston, Virginia, yesterday.

Dr. Mana al Otaiba, United Arab Emirates' Minister of Petroleum and chairman of OPEC, said in Tokyo: "Prices are bound to go up at the next meeting of OPEC, but not at the steep rate that some oil-producing countries would like to see."

He acknowledged that some OPEC members had sought an extraordinary conference to formalise a general increase before the next Ministerial meeting fixed in Caracas for December 17.

On Tuesday Sheikh Yamani indicated that Saudi Arabia would be prepared to continue producing at 9.5m barrels a day, 1m above its "official" ceiling, if market conditions warranted such a level.

Sheikh Yamani is known to be deeply concerned about the flow of Iranian oil—an anxiety shared by the industrialised world, as is feared, Iranian exports drop significantly below its 3.3-3.5m barrels-a-day target, Saudi Arabia's ability to make up the shortfall and dampen

market pressures will be much restricted.

His remarks seemed a gloomy admission that Saudi Arabia could do nothing to curb pressures for an across-the-board rise.

The Kingdom is known to want to realign rates, and to feel unable to continue with the present two-tier system.

After Kuwait's decision on October 8 to raise the price of its main crude by 10 per cent, Iran earlier this week set a new level of \$22.50 for her light oil, \$5.50 above the \$18 charged for Saudi Arabia's comparable Arabian Light.

More dramatically, Libya exceeded the \$23.50 upper limit established by the last OPEC Ministerial conference for premium varieties.

Sheikh Yamani was reported as saying that the situation was the consequence of "high consumption and loss of control on the Rotterdam market and the spot market."

He alleged: "The consumers are responsible for that. You have to do something about it before it is too late. We increased our production. We did our part. It is now your turn to do something."

In Paris the International Energy Agency, which groups the main industrialised countries, except France, met to

discuss how transactions on the spot market, where prices last month reached \$37 a barrel, could be controlled.

The conclusion of the meeting is understood to have been that no effective measures could be taken.

The view of the industrialised countries continues to be that the spot market is a necessary mechanism to satisfy requirements for marginal volumes of crude oil and products, and an evil one in so far as it is used to justify price increases

unjustified by the basic global equilibrium between supply and demand.

While acknowledging the pressure on oil prices, particularly from buyers still willing to pay hefty premiums in the spot market, some OPEC leaders are concerned about the possible economic impact of applying another big price rise within the next couple of months.

In particular, they are worried about the plight of developing countries.

For this reason, said Dr. Otaiba, OPEC's conference in Caracas should restrict price rises to a small margin. Further increases should be phased in gradually.

Arab fund loan to Sudan. Page 4

CEGB plans to use more oil. Page 7

Transport union opposes Edwardes' plan for BL

BY OUR MIDLANDS CORRESPONDENT

BL'S HOPES of union support for its plan to close plants and axe 25,000 jobs were thrown in doubt last night.

The Transport and General Workers' Union broke ranks from the other unions and insisted it would continue to oppose the rationalisation plan.

Talks between members of the Executive of the Confederation of Shipbuilding and Engineering Unions were continuing into the night in an apparent attempt to persuade the transport union to fall into line.

The TGWU said that 70 per cent of BL's 164,000 workers are its members.

The confederation was meeting at BL's London headquarters along the corridor

from the main Board which was considering whether to give the go-ahead for the company's corporate plan.

Sir Michael Edwardes, the BL chairman, has made clear he will require substantial support from the workers before recommending further investments.

The TGWU stance marks a setback for the confederation, which the previous night announced it would recommend acceptance, albeit reluctantly, of Sir Michael's proposals in a ballot of the workforce.

According to the TGWU, its two representatives "disassociated themselves from the decision." The policy of opposition laid down by the executive committee of the union would continue.

The TGWU has promised support for any workers who opt to fight the proposals.

If the other unions are unable to persuade the TGWU to moderate its position, it remains to be seen how militant the opposition might be.

Mr. Todd Sullivan, secretary of the white collar section of the TGWU, is also secretary of the emergency committee set up by the confederation to sound out union reaction to the plan.

The committee will meet in Birmingham today to plan its "campaign of resistance."

Shop stewards, who voted overwhelmingly at the weekend to fight the proposals, reacted angrily to the confederation's decision. Efforts would continue.

Continued on Back Page

Editorial comment, Page 24

MFI shares offered for £24m

BY ANDREW FISHER

A QUARTER of the shares in the rapidly expanding MFI furniture group were placed for £24m in the stock market yesterday. The shares placed represent around half the combined stake of one of the co-founders and the widow of the other.

At the same time, MFI forecast a share jump in its pre-tax profits for the year to May 31, 1980, from nearly £14m to at least £18m and an increase in its total dividend from 1.86p to 2.62p.

The shares placed yesterday, at a price of 72p compared with the suspension price of 83p ahead of the operation, came from the holdings of Mr. Noel Lister, a joint managing director, and Mrs. Joan Searle, widow of the other founder, Mr. Donald Searle, who died in a gliding accident more than three years ago.

Mr. Lister received just over £11m for his 15.66m shares, but switched in the mid-1970s

to its present store retailing operation. About 35 per cent of its products are imported, but Mr. Jack Seabright, joint managing director, said UK suppliers had become keener to supply to MFI as its activities developed.

The placing was arranged by County Bank in conjunction with brokers Kemp-Gee and de Zoete and Bevan. MFI employees are also being offered 500,000 shares at the placing price.

Both Mr. Lister and Mrs. Searle have undertaken not to sell any more of their shares for at least four years. The price paid to them by County Bank for the 33m shares was 70.78p per share. When MFI went public in 1971, the Lister and Searle families held 58.4 per cent of the capital, worth £4.8m.

Men and Matters Page 24

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Report says union 'bullied'

By Gareth Griffiths, Labour Staff

THE PRINT UNION SLADE used recruitment tactics which, while within the law, were "without any regard whatever to the feelings, interests or welfare of prospective recruits," a Government report published yesterday alleges.

Mr. James Prior, the Employment Secretary, said he was considering what action to take to prevent a recurrence of "the bullying tactics adopted by SLADE" and that the report documented its total disregard for the clearly expressed wishes of those whom it sought to recruit.

The report fulfilled a commitment in the Conservative election manifesto to look into the union's recruiting of members in the art work, advertising and associated industries between 1973 and 1978. The inquiry, set up in June, was conducted by Mr. Andrew Leggatt, QC. He was not asked to make recommendations.

SLADE, the Society of Lithographic Artists, Designers, Engravers and Process Workers, set up a special section, the Slade Art Union, to cover members recruited in advertising, art work and colour laboratories in January 1975.

Internal conflict developed between SLADE's national officers and members of the Slade Art Union, over the way the art union members were recruited. This has included a series of court battles over the union's rules. SLADE's main aim was to increase its membership and to keep other unions out of the industry.

It held talks on amalgamation with the National Graphical Association last year, though specific proposals for a merger were defeated by a SLADE ballot.

The report says the 25,500-strong SLADE and the NGA recruited in the art work and advertising industry, which had employed mainly freelance and non-union labour. Both unions relied on blacking, or threats of blacking, non-union labour sources.

In typical cases SLADE officials first tried to persuade employees to join by distributing leaflets and by direct contacts. Despite little interest from employees, a meeting between union officials and staff was arranged.

Meetings were often described as threatening, angry or upset. No members were recruited. SLADE officials then approached managements with a threat of blacking.

Following a 10p recovery to 352p in Thorn's share price in the market, the seven-for-20 share offer now values

Report of inquiry into certain trade union recruitment activities. Stationery Office. £3.50.

Search for Rhodesia compromise

BY BRIDGET BLOOM, AFRICA EDITOR

THE SEARCH for a compromise which would bring the Patriotic Front guerrilla alliance back into the Lancaster House conference on Rhodesia gathered pace yesterday in London and African capitals.

The presidents of the five African front-line states met in emergency session in the Tanzanian capital of Dar-es-Salaam to discuss the current conference deadlock. In London, Lord Carrington, the Foreign Secretary and conference chairman, had an evening meeting in London with the South African Foreign Minister, Mr. P. W. Botha. The two men were later due to meet the Prime Minister, Mrs. Margaret Thatcher.

Mr. Botha arrived in London yesterday morning and went straight to a meeting with Bishop Muzorewa and his Salisbury delegation.

Mr. Botha is believed to have told Lord Carrington that South Africa had doubts about security arrangements in Rhodesia during a transitional period before independence. Officials refused to comment on the meeting.

The transitional period is being discussed at Lancaster House. South Africa is worried that Bishop Muzorewa will be required either to disband or restructure the Rhodesian security forces as part of an overall settlement with the

Patriotic Front and Britain. The South Africans are worried that if this were to happen, the Bishop would, in the words of one South African official, lose his power base and "would fall soon after to the Marxists."

Mr. Botha's arrival in London yesterday added to the pressure on Lord Carrington, who is already being criticised by Commonwealth governments for his tactics towards the Patriotic Front. The Foreign Secretary's decision on Monday to exclude the Front from further meetings until it agreed to accept the British draft constitution was declared by Mr. Sonny Ramphal, Commonwealth Secretary-General, to be "outside the spirit and letter" of the Lusaka Commonwealth summit agreement on Rhodesia.

President Kenneth Kaunda of Zambia, who backed Mr. Ramphal's stand, in a cable sent on Tuesday, Dr. Kaunda said Zambia viewed Lord Carrington's conduct of the Lancaster House meeting "with distaste." It was "not helpful" and was "negative."

Zambia would condemn any agreement which did not include the Patriotic Front, since it considered the possibility "a recipe for war to continue." Dr. Kaunda said the Front was ready to continue negotiations, that Zambia "not only understood" their anxieties on land—Continued on Back Page

EMI rejects Thorn bid

BY CHRISTINE MOIR

EMI's board has rejected as inadequate the terms of the proposed takeover by Thorn Electrical Industries, but Thorn refuses to accept the decision as final.

After a meeting yesterday the board of EMI, the records-electronics group, said that while it agreed "the force and industrial logic of many of the points made by Thorn" the merger terms did not "reflect the potential of EMI's international businesses and high technological capabilities."

Thorn welcomed EMI's acknowledgement of the rationale of the merger and said it was "disappointed that the board had not as yet decided to recommend acceptance."

Following a 10p recovery to 352p in Thorn's share price in the market, the seven-for-20 share offer now values

EMI at £148.4m or 134p. By comparison EMI's market price drifted down a further 1p to 126p.

The market moves reflect growing concern by Thorn's institutional shareholders about the wisdom of the bid and the withdrawal of Philips, the Dutch electrical group, from the list of potential counter-bidders.

Philips yesterday said it would "remain a fascinated observer." Other companies remain interested in buying parts of EMI.

Lombard, Page 12

£ in New York

Oct. 16 Previous

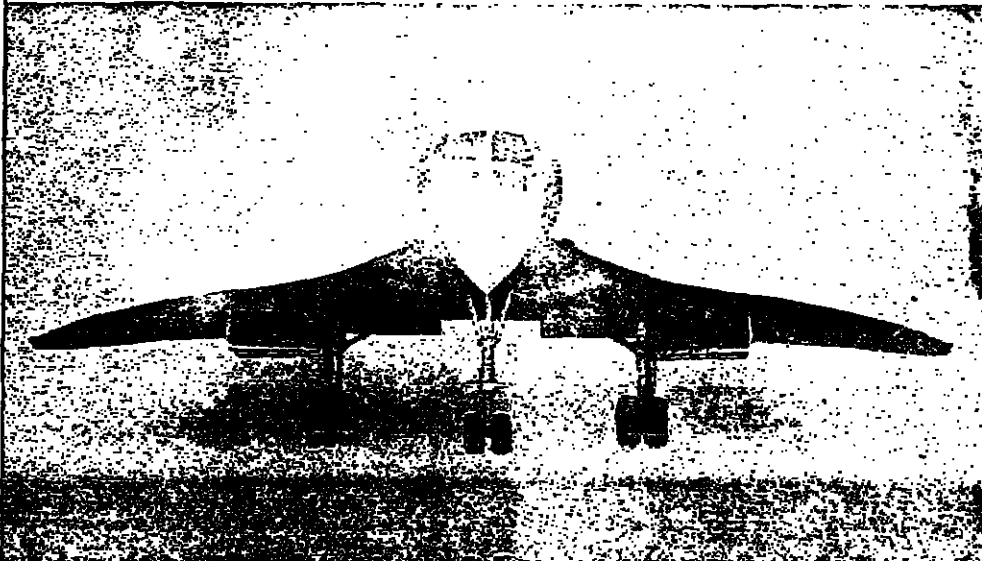
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EUROPEAN NEWS



Nobel prize for Mother Teresa

OSLO — Mother Teresa has been awarded the 1979 Nobel Peace Prize for her work among the poor of India.

The Roman Catholic nun, who is 69, is the sixth woman to win the prize, which is worth \$88,000 this year. President Jimmy Carter was among the 56 individuals and organisations nominated for this year's prize.

The five-member Norwegian Nobel Committee said Mother Teresa was given the prize "in recognition of her work in bringing help to suffering humanity."

In 1947, Mother Teresa moved into Calcutta's slums "to serve God among the poorest of the poor." The order she founded, the Missionaries of Charity, is best known for its Home for the Destitute Dying which opened in Calcutta in 1952.

Mother Teresa is the first citizen of India to win the peace prize since it was instituted in 1901. She was born in Yugoslavia, one of three children of an Albanian shopkeeper.

In 1950 she started the Order of the Missionaries of Charity, the seed of what, in 1977, totalled 81 schools, more than 300 medical dispensaries and some 65 relief centres and missions, in more than 30 Indian cities.

West Germany's oil imports rise by 16%

BY ROGER BOYES IN BONN

WEST GERMANY imported 16.4 per cent more crude oil in the first eight months of this year than in the comparable period of 1978, according to figures presented to the Cabinet in Bonn yesterday by Count Otto Lambsdorff, the Economics Minister.

The figures underline the difficulty of reconciling sharp cutbacks in oil consumption with high economic growth.

The latest figures represent a slight flattening out of the trend earlier in the year—the first

half saw an 18 per cent increase in crude imports—but is still a long way from the 5 per cent savings target set by the International Energy Agency.

At the same time, Count Lambsdorff reported a 6.8 per cent drop in imported oil products over the first eight months. This reflected a decision to import crude rather than expensive finished oil products and thus to make better use of domestic refinery capacity.

The Economics Ministry

figures showed that consumption of those oil products directly linked to the economic upturn—naphtha, diesel oil and heavy heating oil—was particularly high. Consumption of naphtha, in particular, rose by 16.5 per cent. Bonn has argued that with German growth having touched 4.3 per cent in the first half of this year—more than 1.5 per cent above the average growth within the European Community—special provision should be made by adjusting savings targets.

Consumption in private households appears to be modest. Light heating oil consumption dropped by 2 per cent between January-August 1979, a period which included the harsh winter, compared with the similar period of 1978. Petrol consumption rose by only 1.7 per cent.

This would seem to support Count Lambsdorff's policy of allowing higher prices to control private petrol consumption rather than imposing motorway speed limits or other statutory measures.

Russia and China open 'detente' talks

By David Satter in Moscow

THE FULL Soviet and Chinese delegations met for three hours in Moscow yesterday, to open the most serious talks aimed at improving Sino-Soviet relations, to be held in almost 20 years.

The formal beginning of the negotiations, which are to alternate between Moscow and Peking, took place despite five preliminary meetings having failed to produce agreement on an agenda.

The Russians have wanted the talks restricted to what they regard as bilateral issues, while the Chinese have insisted that the behaviour of Vietnam must be one of the items considered.

Chinese officials said the heads of the delegations, Wang Yiping and Mr. Leonid Ilyichov, presented the respective positions of their countries. But they gave no further indication of what was discussed.

Both Chinese and Soviet officials have predicted that the negotiations will be prolonged and difficult. Progress was not likely for many months, they added.

The fact that the two sides have committed themselves publicly to an attempt to improve state-to-state relations, is believed to represent considerable progress.

Negotiations in the past have been blocked by Chinese insistence on Soviet troop withdrawals from the Sino-Soviet border as a necessary precondition.

Mr. Mikhail Suslov, the chief Soviet ideologist, said in a report to Moscow ideological workers that Peking had teamed up with "imperialist reaction and militaristic forces," and that success in the talks would depend on China taking a "sober, constructive approach."

Mr. Douglas Hurd, Minister of State, Foreign and Commonwealth Office—now attending the United Nations—responded to Mr. Brezhnev's announcement of Soviet troop and tank withdrawals from East Germany, our UN Correspondent writes.

Addressing the General Assembly's political committee during the disarmament debate, Mr. Hurd said: "We should not allow dust to be thrown into our eyes." The British Government would want to consider carefully what Mr. Brezhnev said about medium-range nuclear weapons, he added.

Swiss company refutes critics of N-plant

BY OUR FOREIGN STAFF

THE SWISS engineering company Sulzer yesterday rejected claims by Argentine politicians that the heavy water plant it is supplying as part of the country's nuclear power programme was unsafe.

Sulzer headquarters in Winterthur said the campaign against the order appeared to have been staged by the Canadian concerns which had unsuccessfully bid for the plant.

The company issued a statement after members of the Peronist party's "protest group" in Buenos Aires published a condemnation of the contract signed at the beginning of this month between the Argentine Government and West Germany's Kraftwerk Union (KWU)—for the installation of a nuclear power plant—and with Sulzer—for the installation of the heavy water plant.

The two contracts, according to the politicians, will turn Argentina into "a nuclear refuse dump." The protest group's document claimed that Sulzer has installed smaller plants than that planned for Argentina, one in Baroda, India, at which there was an explosion, and another at Marcumare, France, which could not be made operational.

These plants had an installed capacity of 60 tons annually, compared with the 250-ton plant Sulzer will build for Argentina.

Sulzer, however, denied that heavy-water facilities it had installed were responsible for explosions. It was true, it said, that there had been problems at some of the plants it had installed. But these were in the ammonia plants used for the production of heavy-water feedstock and not in the heavy-water plants themselves.

The French unit in question was not in operation but this was not a result of failure of the heavy-water plants, it said.

The company says the claims had long been known and had been discussed with the Argentine authorities.

The Peronist allegations and Sulzer's statement in its defence introduced a new note of controversy into the Argentine nuclear deal. It had already attracted considerable attention because of the U.S. Government's position that Argentina—which has not signed the Nuclear Non-proliferation Treaty—could use the acquired technology to make nuclear weapons.

Apart from Sulzer and a Canadian concern, a German company, Uhde, was also involved in the bidding for the heavy water plant. It is under-

Mitterrand bolsters his image

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Socialist leader, M. Francois Mitterrand, has bolstered his chances of being chosen as his party's candidate for the 1981 Presidential election, with a major speech at a mass Socialist rally, which has done something to dispel the growing doubts about his leadership.

M. Mitterrand, who has already run unsuccessfully twice for the Presidency, did not specifically state he would be a candidate in 1981, but he did everything to persuade his 7,000-strong audience that he was a front-runner.

"We will nominate whoever is best fitted to lead the party to victory," he proclaimed, adding that everyone, including himself, would close ranks behind the candidate carrying the Socialist colours.

M. Mitterrand made it plain that he was in full command of the Socialist Party, despite the existence of several powerful factions who disagree with his official policy. He would take the initiative during the coming months to cement the party's unity, he said.

To underline this self-appointed role M. Mitterrand made a number of conciliatory, if contradictory remarks. Some were aimed at pleasing the party's left-wing, which has supported him since the Socialist Congress earlier this year, and

others at appeasing his right-wing critics.

He assured the Left wing that, whatever the difficulties, an alliance with the Communists remained the party's objective, while the supporters of M. Michel Rocard, the other main contender for the presidential candidacy, were offered a passionate defence of democratic liberties.

If anything, M. Mitterrand leaned over backwards to reassure M. Rocard's friends. While supporting the Union of the Left in principle, he appeared to prejudice any

remaining chances that it could be resuscitated, with a virulent attack on the Communist Party, which he described as being 50 years out of date.

M. Mitterrand is trying to regain some of the middle ground in the party which he lost at the last Congress by identifying himself with the pro-Communist Left-wing.

Only time will tell whether he will be successful, but for the moment he appears to have regained some of his old flair for political acrobatics and persuasive oratory.

Ruling on terror suspect

PARIS—A French court yesterday recommended that Sig. Francesco Piperno, an Italian urban guerrilla suspect, should be extradited to Italy to face charges of complicity in the murder of Sig. Aldo Moro, the former Italian Premier.

In a lengthy summing-up, the court rejected 45 of the 46 Italian charges against Sig. Piperno on the grounds either that insufficient evidence was offered or that the charges might be of a political nature.

But the court said he should return to Italy to answer the charge of giving refuge to two men in whose homes police found guns used in the abduction and murder of Sig. Moro.

The final decision on the extradition lies with the Justice Minister and the Prime Minister.

Sig. Piperno, a 36-year-old Physics professor at Padua University, was arrested in August in a Paris cafe. He has denied involvement in the Moro killing.

The case of another alleged Italian urban guerrilla, Sig. Lanfranco Pace, was postponed until next week. Sig. Pace, 32, editor of the left-wing magazine *Metropolis*, was detained last month in Paris shortly after holding a news conference at which he claimed he was not guilty of any crime.

Koruturk calls in Demirel

BY METIN MUNIR IN ANKARA

TURKEY'S President, Mr. Fahri Koruturk, is to meet Mr. Suleyman Demirel, the main opposition leader tomorrow but it was not clear last night whether Mr. Demirel, would be invited to form a new Government.

Mr. Bulent Ecevit, the Prime Minister who tendered his resignation after the weekend election in which his Republican People's Party suffered reverses, has indicated that he does not wish to form a new

administration although his Republican People's Party is still the biggest single party in the National Assembly.

He has agreed to stay in a caretaker capacity until a new Government is formed. Mr. Demirel could form a right-wing coalition with the support of other right-wing parties and independents. These have a combined strength of 237 which is one more than an absolute majority.

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AFTER BLACKPOOL—THE BUSINESSMAN'S ISSUES

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EUROPEAN NEWS

West Germans invest £870m more abroad

BY ROGER BOYES IN BONN

WEST GERMAN private investment in foreign countries grew by DM 3.37bn (£870m) in the first half of this year, thanks mainly to increasing business interest in the United States.

According to figures issued yesterday by the Economics Ministry, West German direct investment abroad now totals DM 61.56bn (that is, cumulative net transfers since 1952), while foreign investment in West Germany jumped by DM 1.36bn in the first half to reach a total of DM 54.69bn.

The U.S. now accounts for 44 per cent of all West German private investment overseas. The trend has become apparent throughout the year with more and more companies showing interest in buying equity stakes in U.S. concerns.

The moves have been prompted by the relatively lower labour costs in the U.S. by the tightening domestic and European markets, and by the need to secure a firm share of the U.S. market at a time when the weak dollar is creating difficulties for DM-priced export competition.

At the same time, however, the ministry figures show that the U.S. is the strongest foreign investor in West Germany, with DM 556m invested in the first half. West German investment in the U.S. now totals over DM 10bn, which is still about half the amount of U.S. investment in West Germany—but

the gap is clearly narrowing.

After the U.S., France, Brazil and Canada were the most attractive investment destinations this year. The principal investors were drawn from the iron and steel industry, the machine engineering sector, banks, electro-technical and chemical concerns.

The DM 3.37bn investment growth is DM 646m up on the amount registered for the first half of 1978, a rise which seems to reflect the view of the various West German economic institutes that the investment climate—both at home and abroad—is particularly healthy. Moreover, investment abroad does not appear to have been radically affected by the boom in domestic investment.

A report issued yesterday by the central bank, the Bundesbank, said that about DM 93bn had been invested in the first half in domestic plant and stocks, representing a 25 per cent increase over the first six months of 1978. There was also a 14 per cent increase in production plant in the first half. This was the sharpest rise since 1970.

The increase in domestic investment—prompted by the prospect of better margins and higher than anticipated growth this year—has contributed substantially to the general economic upturn, the report suggested.

East Berlin throws out two prominent critics

BY LESLIE COLITT IN BERLIN

TWO PROMINENT critics of the East German Government who were released from prison last week in an amnesty have been expelled to West Germany after being stripped of their citizenship.

One of them is Herr Rudolf Bahro, 43, an industrial economist who wrote a detailed Marxist critique of the East German political and economic system which was published in West Germany in 1977. He was sentenced last June to an eight-

year prison term for "espionage activities" which were never revealed by the authorities.

Herr Nico Huebner, 23, the first East Berliner who refused to do military service because of the four-power status of Berlin forbids the conscription of Berliners, also arrived in West Germany by train with his wife and child. He was given a five-year prison term last July that evoked a sharp protest from the three Western allies in Berlin.

Rupert Cornwell, in Rome, reports on moves to modernise the armed forces

Italy shakes off its defence lethargy

SUDDENLY, and with a degree of enthusiasm matched only by past indifference, Italy has become interested in defence. The acres of newspaper space given to the argument about deploying new "theatre" nuclear weapons here and in other NATO countries—especially after the carrot-and-stick speech by Mr Leonid Brezhnev, the Soviet leader, in East Berlin this month—is the most visible proof of a change of heart.

But the growing importance of Italy to the alliance's southern flank has long been recognised. Spain remains outside NATO, France and now Greece have withdrawn from its integrated military command while Turkey, apart from its feud with Greece, is in an economic and political mess which must cast doubts upon its real value to NATO.

Italy, therefore, despite the presence of the West's largest Communist party, has emerged as the one major full member of the southern part of the Alliance. Strategists at NATO's southern Europe headquarters in Naples do not conceal their relief that communist support dropped significantly at the June general election.

From the viewpoint of the Rome government, which looks ready to accept the new missiles on its soil, public concern over defence can only be a useful prop to its own efforts to secure a higher defence budget. It needs this to carry out modernisation of its forces.

With L5,119bn (£2,899bn) or 2.5 per cent of gross national product earmarked on defence, Italy will in 1979 spend far less, in either relative or absolute terms, than the £9bn (4.7 per cent of GNP) planned by Britain. But on paper at least, Rome will meet its NATO commitment of a 3 per cent real rise in defence expenditure this year, as its contribution to

restoring military equilibrium between the West and the Warsaw pact. The imbalance is as serious on the southern edge of the Alliance as in the more closely watched Central European zone.

There are several reasons why defence has been somewhat ignored in Italy in the past. The first of them is the widespread

of tacit compromise to leave defence alone—especially during the Christian Democrat/Communist understanding between 1976 and 1979. The former showed little interest, the latter are clearly concerned not to air the issue too prominently.

The PCI has repeatedly stated it accepts Italy's place in the

these people have to do with Rome, its bureaucracy and so on.

But the remoteness of the military from politics has its drawbacks. With no political party geared to looking after their interests, the armed forces have come to feel overlooked. This is the openly expressed view of many officers, at least to

until recently, was that Italy possessed a large but mainly conscript army, with often outdated weapons. That approach has now changed, in favour of a smaller highly equipped military. But today the country is perhaps in the awkward intermediary period. As Colonel Luigi Galassio of the Defence General Staff put it: "The reduction of personnel has been carried out. But modernisation will take from 1976 to 1985."

The total strength of the Italian armed forces is now about 370,000, of whom around two thirds are conscripts (the highest proportion being in the army).

If commanding officers are not unhappy with the conscript system (national service lasts for 12 months, or 18 in the navy), difficulty remains in keeping necessary reservists up to scratch when financial resources are already thin.

By the mid-1980s, however, that goal of a slimmer yet much more effective defence capability ought to become reality. In the air force, where perhaps the most dramatic changes will take place, the Tornado combat aircraft is due to arrive from 1981 onwards to replace some of the F-104s now in service.

In the meantime, a new short-range and battlefield support aircraft, the all-Italian AMX, is due for final approval very soon, to take over from the ageing Fiat G-91.

The navy, like the air force, has been criticised as being understrength. Yet the modernisation programme now under way, helped by a special financing law of 1975, will produce a force conforming with the present ideal of a fleet of smaller very nimble ships, packing enormous firepower.

By 1985 the navy will be built around vessels like destroyers, Lupo-class guided missile frigates and hydrofoils providing the complement to the U.S.



The multi-role Tornado is due in service with the Italian air force in 1981.

assumption fostered in part by the press, that big brother America is looking after everything. It is curious but true that the image of American power is fostered here more perhaps than any other European country, an impression reinforced by the propensity of Christian Democrat politicians to rush off to Washington to enhance their own images.

One example of this persisting attitude surfaced this month with a visit to Italy by Dr. David Rockefeller, president of Chase Manhattan Bank. He was portrayed as a potential financial saviour of Italy, the eternal profligate. This was despite the fact that only lending these days could more suitably be a reserve-rich Italy to help the battered dollar.

Then again, it has suited the major parties to reach a kind

European Community and the Atlantic Alliance. But a vigorous national debate on defence could easily focus attention on that central aspect of the Communist question: can they be trusted?

As a consequence, and as the constitution dictates, the armed forces have remained—like so few Italian institutions—outside politics. If anything, this has probably speeded their integration into the NATO structure, particularly in the north-east which faces the main Warsaw Pact military threat to the country, through the Gorizia Gap from Yugoslavia, or across Austria.

Indeed, as an official privately admitted during a visit last week to a crack missile brigade, equipped with Lance missiles, near Pordenone, "you sometimes wonder what on earth

judge from comments at the bases themselves.

Inevitably defence tends to come a long way behind pressing social and economic problems as a government priority. Pay rates have lagged badly. A captain with 15 years service receives only L560,000 (£315) a month, compared with the £795 of his German equivalent.

Many forces families are obliged to fall back on the old standby of "Doppio Lavoro" or second jobs, while the rate of pilot desertion is threatening the Italian air force with calamity.

Of a total 2,500 qualified pilots, 160 left the service in 1978 alone for better paid jobs in civil aviation. The requests of 100 more have had to be summarily frozen, to preserve a basic operating efficiency.

The overall consequence,

Giscard relations to sue over Bokassa diamonds affair

BY DAVID WHITE IN PARIS

THE "Bokassa diamonds" affair, which erupted in France last week, returned to the forefront yesterday, when the weekly newspaper, Le Canard Enchaîné, published further allegations.

At the same time, two cousins of President Giscard d'Estaing said they were taking legal action against the news-

paper for saying that they, too, had accepted valuable gifts from the recently deposed Emperor of the late Central African Empire.

Le Canard Enchaîné's original story that President Giscard received a 30-carat box of diamonds, when he was Finance Minister in 1973, has not been directly denied by the presi-

dency. The chief presidential spokesman said yesterday that M. Giscard would reply to the allegations "in due course."

The newspaper alleged yesterday that the President received diamonds from M. Bokassa on three other occasions, in 1970 and 1972, and in 1975 when M. Giscard went to Bangui, the Central African

Empire's capital, as French head of state.

A further claim that the French Government, following last week's allegations, had instructed its embassy in Bangui to move the country's diamond archives to a safe place was immediately and categorically denied by the Foreign Ministry.

This week's Le Canard report says that a telegram referring to the diamond archives had been sent by a colleague of M. Robert Gale, the Minister for Co-operation, by way of Foreign Ministry channels. The Ministry says no instruction of this type, on this subject, or in this domain, had been sent.

Oslo delays hydro work

By Fay Gjester in Oslo

THE NORWEGIAN Government has ordered a temporary halt to work on a controversial scheme to harness the Alta River, in the northern county of Finnmark. The delay is so that Lapps, with reindeer grazing rights in the area, will have time to lodge complaints.

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OVERSEAS NEWS

S. Africa's economy 'will grow by up to 5% a year'

By Quentin Peel in Johannesburg

SOUTH AFRICA'S economy will attain a maximum annual average growth rate of 5 per cent over the next eight years, but the absolute level of unemployment will still rise, a top-level Government survey, published yesterday, predicts.

To achieve such a growth rate, a real switch of resources from the public to the private sector will have to be made, and extraordinary measures will be needed to boost exports.

These are the main conclusions of the latest Economic Development Programme for 1978-1987, published by the Office of the Economic Adviser to the Prime Minister.

The aim of the programme is to provide both public and private sectors with a planning framework for short and longer-term policy and investment decisions. As such it has been considerably expanded and changed from previous efforts to concentrate on actual foreign economic performance.

Behind all the forecasts is a firm recommendation that public-sector spending should be held back in favour of the private sector.

launched against it from outside her borders on the political, economic military and psychological fronts."

The forecasts of the economic development programme are based on some sweeping, and on balance conservative, assumptions, reflecting the Government's desire to achieve greater economic self-sufficiency. They include equilibrium on the current account of the balance of payments and no net inflow of foreign investment capital, as well as a modest 7 per cent annual growth rate in the gold price from the 1978 level of \$192.6.

It concludes with three general forecasts for average gross domestic product growth rates: only 3.6 per cent if there is no change in Government policy; 4.5 per cent if there are tax concessions towards the private sector and some measures to boost exports; and 5 per cent if there is a best case rather than general economic potential. It emphasises that "a strong and vital economy is one of South Africa's best weapons against the co-ordinated onslaught being

"The observed trend for the public sector to make increasing demands on the country's resources will have to be restricted so that the private sector, and especially manufacturing industry, will again be able to make its important growth contribution," the report says.

At the most favourable forecast growth rate of 5 per cent, unemployment will still rise from the present rate of just under 10 per cent to 11.5 per cent, or almost 1.3m, by the end of the year.

On the lowest forecast of 3.6 per cent growth, the jobless total will reach more than 2.4m, a rate of 21.9 per cent, the programme says.

The programme gives a warning against the trend for greater capital intensity in the economy, which in part reflects the main infrastructure investments undertaken by the Government, including a major power station construction programme, the Sasol oil-from-coal projects, and new harbours and railways.

Arab fund loans \$44m to Sudan

By James Sutton in Dubai

THE ARAB monetary fund (AMF), the Abu Dhabi-based institution which operates on the lines of the International Monetary Fund, yesterday agreed to make Sudan a loan of \$44m to help it with its severe balance of payments problems.

The loan is in the form of an extended fund facility similar to the three-year facility provided to Sudan by the IMF in May this year as part of a programme of economic reforms agreed with the Government.

It is the largest loan yet made by the 20-member AMF loan follows a visit to Sudan which commenced in May 1978. Previously it had lent a total of about \$46m to Egypt, Morocco, Syria and Sudan in the form of automatic drawing which member states may make on their paid-in capital subscriptions when they have a balance of payments deficit.

Sudan made an automatic drawing of \$7.2m in August 1978 and a further \$7.4m last month.

Egypt's membership of the AMF was suspended last April after its peace treaty with Israel.

Since Sudan reached its agreement with the IMF in May this year it has taken tough measures to repair the damage caused to its economy by several years of over-rapid expansion. Now aid donors are looking more favourably on Sudanese requests for balance of payment support and the World Bank and the EEC is considering making a balance of payments support loan totalling about \$50m.

AUSTRALIA'S PARTY IN-FIGHTING

Hawke throws his hat in the ring

By James FORTH in Sydney

THE PRESIDENT of the Australian trade union movement, Mr. Robert Hawke—the man the polls suggest most Australians would prefer to see as the Prime Minister—is to stand as a candidate for the Labor Party at the next federal elections.

It should be a cause for celebration within Labor ranks, as the party has only held office for three out of the past 20 years. But such is the curious mix in the party that many of its members fear that "Bob" Hawke's decision will work against Labor, at least in the short term. Mr. Hawke, aged 49, undoubtedly talented, but often aggressive and outspoken, has made no secret of the fact that he wants the leadership of the party, currently held by Mr. William Hayden. Mr. Hayden has pledged his loyalty and support for Hayden, while he is leader, but has made it clear that if the position becomes vacant he will run.

Mr. Hawke has already gained Labor pre-selection for the safe federal seat of Wills in Victoria. The seat is held by Mr. Gordon Bryant, a former minister in the Whitlam government, who has held Wills for Labor since 1955. He intends to retire at the next federal elections, due by the end of 1980.

Although Mr. Hawke has been confirmed as a candidate he will not resign from the presidency of the Australian Council of Trade Unions until shortly before the elections. He knows that the leadership of the Federal Parliamentary Labor Party automatically becomes vacant after every House of

Representatives election which would leave the way open for him to challenge Mr. Hayden almost immediately after entering Parliament. Political observers consider it almost inevitable that against this background there will be politicking within Labor's ranks in the months running up to the elections.

The federal Liberal-Country Party coalition Government, while worried at the prospect that Mr. Hawke could prove a formidable opponent in the future, believes that his move at this stage will split Labor loyalties and ensure that it has little chance of winning the 1980 election. However, the Government has been too preoccupied by problems within its own ranks to capitalise fully on Mr. Hawke's candidature.

The major problem is in Queensland where the state Liberal Party, resolute under the heavily conservative band of Mr. Joh Bjelke-Petersen, the Queensland National Country Party Premier, has decided to break with convention and field Liberal candidates to contest seats held by National Country Party members at the next federal Senate election. Senate members represent states and the move is aimed at Mr. Bjelke-Petersen, but it is creating strains which threaten to spill over into the federal coalition.

Dissension emerged recently in Victoria where the Liberals threatened to field a candidate against Mr. Peter Nixon, the Federal Minister for Transport and a Country Party member, at the next federal elections. The National Country party then considered opposing Liberal

Ministers in retaliation, including Mr. Malcolm Fraser, the Prime Minister, but is holding off for the moment.

Mr. Fraser and Mr. Douglas Anthony, the federal National

ties by Mr. Sinclair in a number of companies with which he is associated.

Mr. Sinclair has since been served with summonses by the state government.

Tension within the Queensland coalition has been heightened by the decision of Mr. Bjelke-Petersen's wife, Florence, to run for the Senate at the next federal elections. At one stage Mr. Bjelke-Petersen was considering standing himself in thwarted hopes of stealing a country party seat in the Senate. But his wife hit upon the solution—the "Flo and Joh show" as it has been dubbed.

Flo lodged her nomination this week and experienced political observers give her a good chance of winning. If it happens the Queensland Premier will extend his sphere of influence in Canberra because Mrs. Bjelke-Petersen told reporters recently that she would take her husband's policies into the Senate.

As for Mr. Hawke, despite his public popularity, his pre-selection to stand for Wills was won against opposition by the Left-wing of the Labor Party, which mistrusts him and fielded a candidate against him. This was probably a factor in Mr. Hawke's decision not to stand down from his union post at this stage.

Mr. Hayden has reacted to Hawke's candidature by announcing that he would be Labor's next Industrial Relations Minister because of his "undisputable talents" in this field. Mr. Hawke at this stage is understandably adopting a low profile but few believe that he will remain uncharacteristically in the background for long.



Mr. Bob Hawke—mistrusted by the Left.

Country Party leader and Deputy Prime Minister, have both pledged support for their coalition partners, but the mood is uneasy.

On top of this federal coalition has been shaken by the resignation of Mr. Ian Sinclair, Minister for primary industry, and deputy leader of the country party, following the release of a report initiated by the New South Wales state Labor Government, which alleged irregularities

Ohira rejects resignation advice

By Charles Smith, Far East Editor, in Tokyo

A SHOWDOWN between the mainstream and anti-mainstream factions of Japan's Liberal Democratic Party appeared to be in the making yesterday after Mr. Masayoshi Ohira, the Prime Minister, rejected obliquely worded advice to resign.

The advice came from his predecessor, Mr. Takeo Fukuda, who said Mr. Ohira should do something to indicate his acceptance of the judgment passed on the party at the general election earlier this month. The Liberal Democrats barely retained their majority in the Lower House of the Diet.

Mr. Ohira retorted that he did not feel it right that he alone should take responsibility for the electoral setback.

Their meeting yesterday was the third in a series involving Mr. Ohira and senior party leaders. At the first meeting on Monday, Mr. Takeo Miki, another former Prime Minister, also hinted that Mr. Ohira should resign but was firmly

rebuffed. On Tuesday Mr. Yasuhiro Nakasone suggested that a committee of the party's elder statesmen should be formed to decide whether or not Mr. Ohira should stay.

Mr. Fukuda, Mr. Miki and Mr. Nakasone command between them a following of about 118 members of the Lower House of the Diet, in which the party now has 258 seats. Other members of smaller factions are also hostile to the Prime Minister and it is doubtful whether he would win if there were a show of hands on the leadership issue.

Of the three anti-mainstream leaders, Mr. Nakasone and Mr. Fukuda certainly cherish ambitions for the premiership. Mr. Fukuda hinted at this yesterday when he opened his meeting with Mr. Ohira, who is a Christian by saying: "Let us discuss the situation as if you were Jesus Christ and I were God."

Mr. Masayoshi Ohira



Zia detains political leaders after calling off election

By Peter Woolas in Islamabad

SEVERAL PAKISTANI political leaders were reported to have been detained yesterday only hours after President Zia-ul-Haq announced the postponement of November's general election and a strengthening of martial law.

Among those arrested were Begum Nusrat Bhutto and her daughter, Benazir, who since the execution of Mr. Z. A. Bhutto, the former Prime Minister, have been leading the "Pakistan People's Party. Another person detained was retired Air

Marshal Asghar Khan, the leader of the centre Tehrik-i-Istislahi Party which, unlike the People's Party, had registered to participate in the planned elections.

The politicians were reported to have been served with three-month detention orders and confined to their homes. A few political workers were also said to have been rounded up. Under the new restrictions political parties and any political activity is banned and party funds have been frozen.

David Housego adds: Though General Zia has not abrogated the constitution and in fact went out of his way in his speech to leave the door open to a return to democracy, the indefinite postponement of elections will be taken by most political leaders as backtracking on General Zia's promise to hand over power to a civilian Government.

The immediate concern of the regime will now be to nip in the bud the type of street

agitation that drove President Ayub Khan, a military leader of the 1960s, from power and also Mr. Bhutto himself in 1977.

An uncertain factor now will be how far junior officers and soldiers in the ranks will be prepared to carry through tough measures to maintain law and order in face of any popular agitation on the street.

What undoubtedly will help to hold the army together is the perceived security threat

from Afghanistan. Mr. Asghar Khan, General Zia's advisor on foreign affairs, is having talks in Washington in an attempt to get U.S. agreement to Pakistan's interpretation that the 1959 bilateral pact under which Pakistan is promised assistance by the U.S. if attacked by a Soviet-dominated state is potentially applicable to Afghanistan. Pakistani officials claim that the Afghan army has shelled across the frontier and that if this continues Pakistan will have to consider retaliation.

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*Prices correct at time of going to press.

مكازم النصح

Gold move 'to halt speculation'

By JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

Mr. G. William Miller, Secretary of the Treasury, repeated yesterday that a principal purpose of the new flexible U.S. gold sales policy announced on Tuesday night was to deter speculation.

In Congressional testimony, he stressed that a reduction in the price of the metal was not "really a basic objective." But he argued that "the speculative element of the gold price rise has had an effect on inflationary expectations."

The terse official statement on Tuesday merely said that "future sales of Treasury gold will be subject to variations in amounts and dates of offering."

Under the new procedures, auctions can be held within a few days of an announcement and the amounts to be auctioned

can be varied as may be appropriate at the time.

The Treasury began selling gold in May last year. The amounts put on offer rose to 1.5m ounces per month as part of last year's dollar package, but this was subsequently reduced to the 750,000 ounces level last May, when the dollar was stronger and the bullion markets relatively calm.

The Treasury still has 265m ounces of gold in its coffers, but officials adamantly refuse to drop any clues as to the likely level of future sales. This obviously reflects the determination of the Treasury to keep the markets on edge.

It had become clear in recent weeks—certainly in the immediate run-up to the adoption 10 days ago of a new and

austere monetary regime by the Federal Reserve Board—that U.S. authorities were becoming increasingly concerned about the spill-over of frantic gold market dealings on to the foreign exchanges.

There was speculation at the IMF annual meeting in Belgrade two weeks ago that major industrialised countries might agree on a concerted gold sales policy—though U.S. officials were at pains to emphasise that such international co-operation might be very difficult to engineer.

Even so, the most logical course open to the U.S. Government had appeared to be the simple expedient of once again raising the amount of gold it offers for sale. This was in good measure because the price of

gold had soared dramatically in very thin trading in volume terms. Significant purchases or sales could have a disproportionate influence on the market price.

The Treasury's moves drew the immediate approval of perhaps the most authoritative congressional expert on international monetary affairs. Congressman Henry Reuss, the Wisconsin Democrat, noted that "the old policy of selling pre-announced amounts on a certain day each month plays into the hands of the gold speculators by showing all the cards once a month."

The new approach, he went on, "will keep speculators guessing and thus benefit both the dollar and world economic stability."

Senate approves \$20bn for synthetic oil

WASHINGTON — The U.S. Senate yesterday approved \$20bn to be spent on large-scale plants to produce synthetic oil, a key element in President Jimmy Carter's energy programme, which is aimed at reducing U.S. dependence on foreign oil.

The vote, taken even before the Senate had approved the synthetic fuel programme itself, was in response to White House pressure for urgent action on energy.

Senator Bennett Johnston, an expert on energy, said the \$20bn was the bare minimum needed to set up the first generation of synthetic fuel plants.

Reuter

Exit the President who brought crisis to El Salvador

BY HUGH O'SHAUGHNESSY IN RIO DE JANEIRO

AS GEN. ANASTASIO SOMOZA of Nicaragua was facing defeat in June at the hands of a popular insurrection and was about to flee to his haven in Paraguay, few thought more political change would come so quickly to Central America.

This week has shown that events in El Salvador, America's smallest and most densely populated country, were moving faster than most observers were willing to forecast even a few months ago.

Monday's military coup against Gen. Carlos Humberto Romero, and his subsequent flight to Miami, were striking proof that the regime he controlled since he took power in fraudulent elections in 1977 had finally been discredited.

The way he and his Party of National Conciliation (PCN) had falsified the voting figures in a country where political and social tensions were already nearly at breaking point, brought crisis to El Salvador.

The elections of 1977 were the culmination of more than 45 years, during which, behind a facade of representative democracy, the country had been in the hands of the Army and a small oligarchy—the "Fourteen Families." The military had occupied the Presidency in unbroken succession.

The fraud of 1977 appeared to have involved no less than 400,000 false voting papers and some 60,000 dead electors appeared to have cast their ballots.

The proclamation of victory for the Right-wing Gen. Romero and the PCN—and defeat of the

moderate military candidate, Col. Ernesto Chamarum—unleashed a two-year bout of violence in the country.

The National Guard moved to repress the dissent, and opposition figures went in fear of their lives. The Jesuit Order, which had complained about the vast disparities of wealth between rich and poor in the country, were threatened with massacre by right-wing vigilante organisations who enjoyed the Government's implicit support.

The Left and the centre, understandably enough, fought back. Extremist groups of the far Left began their campaign of terror which before long involved kidnappings of Government figures, businessmen and diplomats.

When two British bankers were kidnapped in San Salvador, the country's capital, last November, Salvadorians were living through a state of undeclared civil war, made all the more terrible in that the sides were more evenly balanced than in neighbouring Nicaragua where Gen. Somoza's regime was nearing its end.

In Nicaragua, opposition to the dictatorship was almost universal. Not just the left, but most moderates and a majority of the country's business community, had united against Somoza. This collapse was clearly only a question of time.

In El Salvador, many, but by no means all, the middle classes, felt they had no option but to rally to the support of Gen. Romero, a nation unsatisfied with his advent to power might have been.

Bermuda stands firm

By Keith Hunt in Bermuda

BRITAIN HAS refused to back down on its decision to demand payment from Bermuda for sending 230 soldiers for a fortnight after riots in 1977. But the British Government has given the island a £281,000 reduction in the original bill of £783,880.

The Bermuda Government has protested that it should not have to pay because Britain was responsible for its security. Mr. David Gibbons, the Premier, sent a three-man delegation to London in July.

Announcing the revised decision the Foreign and Commonwealth Office in London said that Britain was only responsible for external security. The bill was being cut after a revision of the costs incurred.

Carter to seek most favoured status for China

WASHINGTON — The Carter Administration said yesterday it would soon ask Congress to grant China Most Favoured Nation (MFN) trading status, even though the move would probably have a stinging effect on the Soviet Union.

"It's going to be a serious matter for them (Moscow)," Mr. Marshall Shulman, State Department Soviet affairs specialist, told a Congressional committee.

The Soviet Union, he said, "now regards the absence of Most Favoured Nation trading status as a form of discrimination."

Mr. Shulman said the decision was motivated by domestic political considerations and not by any desire to retaliate for U.S.-Soviet clashes over Cuba.

Marines go in to Cuba

GUANTANAMO BAY — U.S. warships carried 2,200 marines to a landing exercise yesterday on the beaches of the only U.S. military base in a Communist country. A Soviet surveillance ship stood off shore, and Cuban reservists were called into service.

David Buchanan adds from Washington: Administration is giving the exercise maximum publicity, inviting the television networks along for the landing. A 1903 treaty between the U.S. and Cuba gave the U.S. Guantanamo Bay as a base virtually in perpetuity. The U.S. pays a nominal rent—\$4,000 a year—for the base, but Cuba never cashes the cheques.



Mr. Maurice Bishop

Grenadans arrest 'plotters'

By Tony Cozier in Bridgetown

THE People's Revolutionary Government in Grenada, in power since March, after a coup overthrew the Administration of Sir Eric Gairy, has arrested 20 people and accused them of plotting to assassinate the island's new leaders.

A broadcast over Radio Free Grenada said the "insurgents" would be charged with possession of arms and ammunition, and conspiracy to overthrow the Government and assassinate its leaders. Those held include Mr. Winston Whyte, chairman of the People's Action Labour Movement and a strong opponent of Sir Eric during his term in office, as well as two leading members of the Rastafarian sect. The radio said several known supporters of the Gairy Government were also arrested.

At the same time, the Government released 20 political detainees held since the coup without being charged. There are still more than 50 people who have been in prison since March without being charged.

The Government has been sharply rebuked by Mr. Henry Forde, the Barbados Minister of Foreign and Caribbean Affairs, for what he termed its human rights violations. Mr. Forde, at a Press conference, also listed Cuba and Haiti as Caribbean states which abuse human rights.

DOSE OF AUSTERITY COOLS THE FEVER IN VENEZUELA

Dr. Herrera's medicine takes effect

BY KIM FUAD IN CARACAS

A SEVEN-MONTH dose of "discipline and austerity" from President Luis Herrera Campins for the Venezuelan economy after a four-year spree of record income, heavy spending and borrowing is now having full effect.

Many Venezuelans, who initially applauded Dr. Herrera's move to cool off the economy, are wondering whether it has gone too far. In fact, the planned decline in gross domestic product (GDP) growth has passed its 5 per cent target, dipping to a 10-year low of 3.7 per cent, according to estimates for 1979.

Businessmen have felt the pinch of reduced liquidity. Sales of consumer durables have declined, reflecting public caution over the country's new economic policies. But most observers agree that the economy is basically sound and note that world oil price hikes have pushed income up 40 per cent this year to \$12bn.

Dr. Luis Ugueto, the Finance Minister, predicts an upturn in the economy next year, once the transition is achieved from the boom era of the mid-1970s to more stable growth, with the GDP expected to rise 5.8 per cent in 1980.

What had prompted Dr. Herrera's strong medicine was the deteriorating fiscal situation he inherited from former President Carlos Andres Perez. In a recent nationwide address Dr. Herrera said that the combination of the official public debt, short-term borrowing by State corporations plus budget deficiencies and other commitments left by Sr. Perez totalled \$25.7bn.

While oil income, which represents two-thirds of government income, had declined from \$10.7bn to \$8.7bn between 1974 and 1978, imports had risen from \$3.8bn to \$11bn over the same period. The outcome was a \$1.8bn trade deficit in 1978.

With the increase in oil prices and a sharp cutback in imports as a result of the decline in economic activity, the current account deficit should be reduced from \$5.5bn in 1978 to \$2.9bn this year, while there will be an \$850m surplus in the trade balance, according to Dr. Herrera.

The president's message on Venezuela's fiscal problems was the latest stage in a seven-month running attack on Sr. Perez's administration. It is a policy he has used cleverly as a foil to justify otherwise politically

unpopular measures. Sr. Perez, who is under fire in his own party, Accion Democratica (AD), for unsavoury deals during his government, has steadily denied Dr. Herrera's charges. He has accused the President of doctoring fiscal figures and claims that his policies will lead to recession and high inflation.

Dr. Ugueto has defined the Government's economic policies as having three basic objectives—emphasis on social welfare for the country's poor, fiscal discipline and increased national productivity.

The first move has been to use \$2.1bn in additional oil revenues and borrowing to cover 1977 budget deficits and reduce a \$10bn debt by state corporation.

Dr. Ugueto reports that by the end of 1980, Venezuela's official debt—two-thirds foreign—will total \$16.2bn, up one per cent from the end of 1979, against a 41 per cent increase in 1977 and 32.2 per cent in 1978. He warns, however, that next year's \$13.5bn budget presented to Congress on October 8, will not cover the remaining short-term state corporation debt, which will total \$2.3bn at the end of 1980, nor will

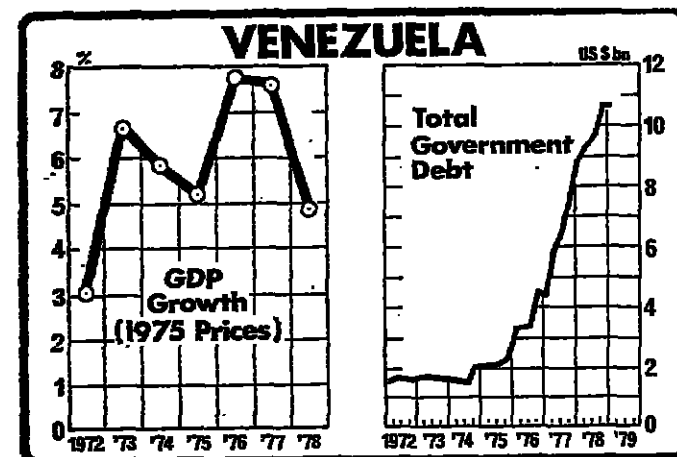
it finance the \$3bn needed to continue major projects such as the Caracas underground, new steel mills, the expansion of hydroelectric power generating capacity and large waterworks.

"The panorama is clear," said Dr. Ugueto. "Ordinary fiscal income is not enough to finance at one time all the projects planned or in the process of execution." This means further borrowing and hopes for increased world oil prices, yielding additional revenues from the country's 2.2m barrels a day production.

While the Herrera administration's fiscal actions have been given wide support, a move to increase productivity and eliminate subsidies by lifting price controls has run into expected opposition from the country's 4m labour force which seeks a general wage increase to face growth in prices.

To encourage consumer industries prices have been decontrolled on 175 items and there have been new tariff schedules for imports, with a maximum 100 per cent rate. Price controls remain for only some 54 necessities.

Reacting to an estimated



initial 10 per cent jump in the cost of the family food basket, Venezuela's major labour unions have mustered forces to demand higher wages. The Venezuela Labour Confederation (CTV) sponsored a bill two weeks ago calling for wage increases from 10 to 40 per cent, with the minimum wage to rise from \$3 to \$8 a day.

President Herrera has announced his opposition to legislative wage increases, favouring collective bargaining instead. The private sector insists that wage increases should only reflect increased productivity. It warns that a wages law would undermine the economy and increase migration from neighbouring countries. One in four people in Venezuela's population of 13m is thought to be an

immigrant. The increase in the cost of living, which Dr. Ugueto says will rise from around 7 per cent last year to 11.5 per cent in 1979, is a prime political consideration for President Herrera in a nation traditionally sheltered indirectly from high inflation by government subsidies to industry.

A number of observers believe that the government may resort to direct subsidies in the form of semi-annual grants, food stamps or special state-owned markets, to poor families to help offset new price increases. Dr. Ugueto, has mentioned to Congress the possibility of such subsidies, a system which has been endorsed by an international Monetary Fund report on Venezuela.

Sr. Lima claimed that the present slowing of international trade is aggravating the adoption of protectionism by the developed countries.

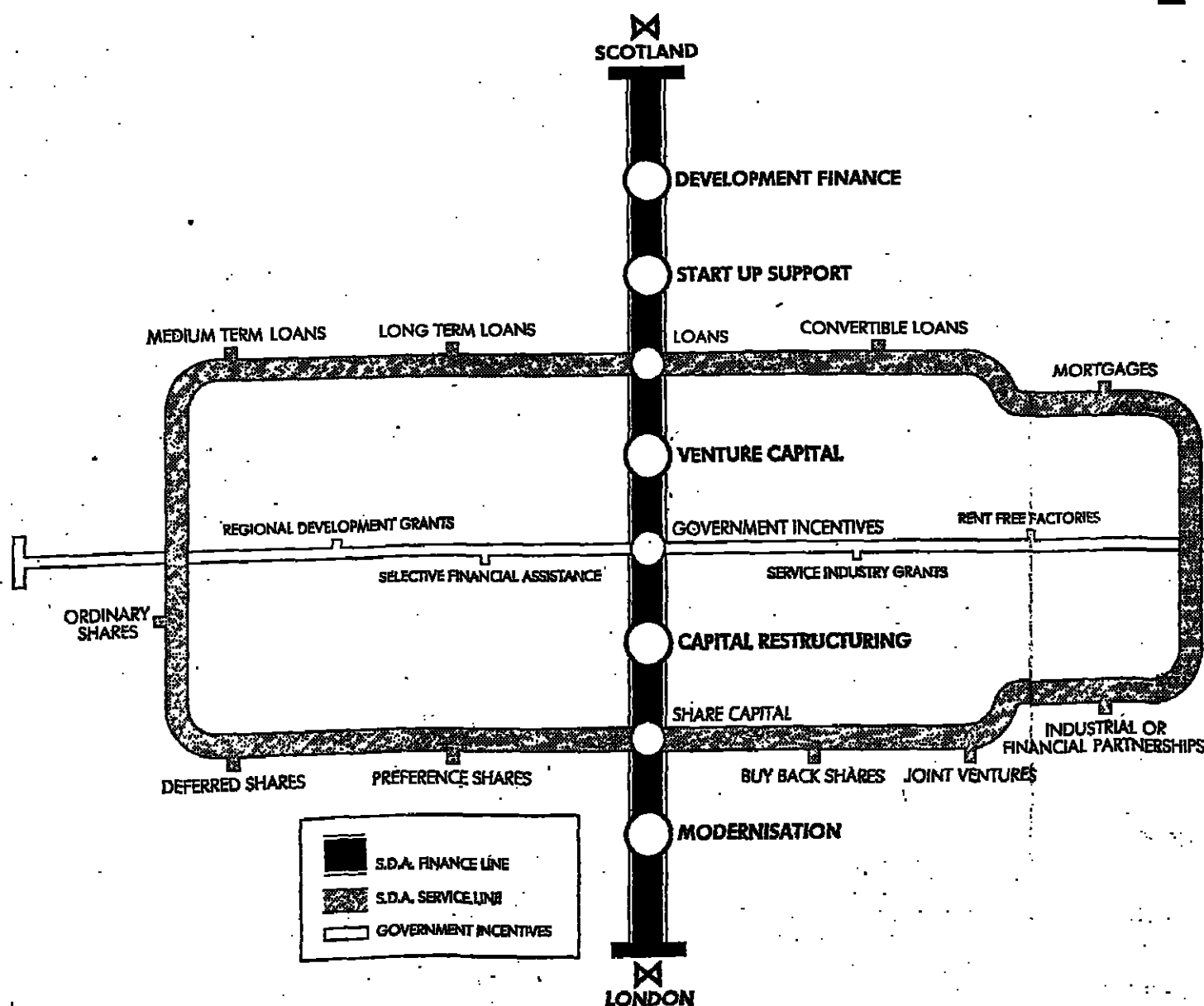
In response to suggestions from the floor that Brazil is protectionist, he replied: "Protectionism by an industrialised country is almost an act of aggression, while protectionism by a developing country, is virtually a necessity."

The Ambassador made it very clear that he did not accept the view held by some countries that Brazil is no longer a developing nation.

There was greater coincidence of thought on Brazil's ambitious alcohol fuel programme, which the Vice-President used as an illustration of the country's "eternally renewable resources" and its own technology.

Giving the motor industry's blessing to this programme, Mr. J. J. Sanchez, president of General Motors of Brazil, said it is not a question of whether the programme is economically sound or not, it is simply a question of one and one making two. For the U.S., he said, an alcohol fuel programme appears illogical, but not for Brazil.

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WORLD TRADE NEWS

Rolls-Royce bids for Canadian reactor

BY DAVID FISHLOCK, SCIENCE EDITOR

ROLLS-ROYCE is bidding for a Canadian contract to supply a nuclear reactor for a big new icebreaker which the Canadian Government proposes to build. Closing date for the tender is the end of November.

It will be the company's first foray into the market for civil nuclear reactors since it participated in the unsuccessful bid to build a pressurised water reactor (PWR) for the Dungeness B power station in 1965.

The ship propulsion package it has designed for the Canadians includes a 90 MW (electrical) PWR and three RB 211-based gas turbine power plants. Rolls-Royce and the French nuclear company Technatom are the only remaining competitors for a contract for which U.S. and West German organisations were also invited to tender.

Rolls-Royce's civil nuclear effort is headed by Mr. Ray Whitfield, its director responsible for new projects, who has drawn design staff from Rolls-Royce and Associates—the consortium which builds submarine reactors—to work on the design. The vessel, required by the U.S. Canadian Coastguard, is intended to open seaways high in the Arctic, and will be designed to cleave through ten



Mr. R. T. Whitfield

feet of ice. The Rolls-Royce power plant design derives from its experience in building submarine reactors for the British Navy.

But the fuel to be used is similar to that used in civil PWR power stations, and not the highly enriched plates of fuel used in the highly stressed submarine reactor cores.

It is understood that the French will be offering a reactor design more akin to their submarine reactors, which are wholly of French design.

British submarine reactors are based on the Westinghouse design for the U.S. Navy, obtained by the British Government in 1959.

The propulsion package is

likely to account for about 40 per cent of the total cost of the icebreaker, which is expected to be the world's most powerful vessel of this kind.

Rolls-Royce said yesterday that it does not foresee a market for more than two or three vessels of this size. But it is market researching worldwide other possibilities for small nuclear reactors, especially electricity plants in sizes up to 200-300 MW of electrical capacity.

It is offering electricity companies outline designs for barge-mounted powerplants, including all major facilities except the switchyard. These, it believes, could be built in shipyards under conditions similar to those used to assemble nuclear submarines, then towed to site and connected to a constant creek.

Walker writes from Stockholm: ASEA, the Swedish nuclear power and heavy electrical engineering group, reports that it has won an order from the Soviet Union, valued at SKr 150m (£15.5m) for the delivery of a 330/110 kV gas insulated substation (GIS) for the OSKOL electro-metallurgical complex near Kursk.

The contract, placed by V. Metallimport of Moscow,

covers the designing of the building, the manufacturing and delivery of the GIS and supervision of construction, with its associated control and relay equipment.

The substation, one of the largest so far ordered, includes 57 circuit breakers and four three-phase power transformers, each rated at 320 MVA.

This order will give an additional boost to the company's order intake, which increased significantly during the first half of this year. Incoming orders during that period amounted to just over SKr 7bn compared with SKr 4.75bn in the corresponding period in 1978 with most of the increase stemming from export markets.

Japan and EEC seek cooperation

By Charles Smith, Far East Editor in Tokyo

THE FIRST official level talks on industrial co-operation between Japan and the EEC will be held in Tokyo early next week.

A short list of industries in which the two sides might explore joint ventures—or at least aim to co-ordinate development policies—is thought to have been drawn up by the EEC.

The list includes cars, chemicals, avionics and food products. Talks will cover industrial structure problems, possibly on the co-ordination of aid policies in the Third World.

The idea that Japan and the EEC should try to move closer to each other in fields other than bilateral trade was raised some months ago when Viscount Edmond Davignon, the EEC Industry Commissioner, visited Tokyo.

The EEC team at Tokyo will include Mr. Eckehard Loeck, director for industrial restructuring and relations with third countries in the Commission's Directorate Industry, and Mr. Ben Meynell, in charge of relations with Japan and North America in the Directorate for External Relations.

Japanese spokesmen will come mostly from the Ministry of International Trade and Industry and the Economic Planning Agency.

Several projects for industrial co-operation between Japan and the EEC have been mooted in recent months and some are already being implemented.

EEC officials do not plan to become involved in negotiations on specific projects but to discuss the general background against which such ventures might be launched.

Airbus courts Tokyo partners

TOKYO—Airbus Industrie has sounded out Japanese manufacturers on the possibility of their participation in the development, manufacture and sales of new types of airliners, AP-DJ reports.

The new developments include a short-to medium-range 130-150 seat aircraft, under Airbus Industrie's Joint European Transport programme.

An official at Nichimen, a major Japanese trading house that serves as Airbus Industrie's agent here, said officials from the European company outlined their proposal to three Japanese aircraft makers: Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Fuji Heavy Industries.

He said Airbus Industrie is asking Japan to shoulder 25 per cent of the project to develop and market new airliners. The proposal is believed to be tantamount to an invitation for the Japanese to become a member of the consortium, whose present members are aircraft manufacturers from Britain, France, West Germany, Spain, The Netherlands and Belgium.

Airbus Industrie officials also approached the Japanese Ministry of International Trade and Industry to explain the plan. The Japanese manufacturers need the Ministry's approval for participation.

"Everything is in the initial stage," the official said. "What form this project will take in the end is up to negotiations from now."

He said Airbus Industrie also wants the Japanese to send a handful of officials to take part in the management of the project.

Lynton McLain writes: The Australian IPEC Transport Group yesterday launched an express road freight service in Europe, a week after taking over two European haulage companies.

The companies, Sayer Transport of Britain and the Dutch-German company, Gelders-Sperin, which will form the base of the new service, will operate under IPEC Transport Holdings of The Netherlands.

Mr. Gordon Barton, the chairman of IPEC—the International Parcel Express Company—said in London that the income from freight in the first year is expected to be over £50m. This compares with the turnover of £136m last year of Kuehne and Nagel, one of Europe's largest private freight forwarding organisations.

ASIAN CLEARING UNION

Attempt to revitalise regional trade

BY R. C. MURTHY IN BOMBAY

A TECHNICAL committee of the Asian Clearing Union has prepared a package of measures aimed at revitalising the union and helping to expand trade in the region.

The ACU, comprising India, Iran, Sri Lanka, Pakistan, Bangladesh, Nepal and Burma, provides a mechanism for multilateral compensation payments in respect to intra-regional transactions and the periodic settlement of outstanding balances.

The package includes the fixing of the low margin of 0.01

in the ACU is voluntary, with the result that Iran's crude oil and petroleum products, and jute, from Bangladesh are excluded from the union's transactions.

The committee has recommended that all transactions by member countries be handled through the clearing house, and has recommended to the ACU board that this be made mandatory.

Its recommendations are being supported particularly by India, Sri Lanka and Bangladesh, and Board approval of the

'Iran's continued interest is interpreted as an expression of its commitment to co-operation with the Third World'

per cent to foreign exchange dealers uniformly in all member countries for handling transactions through Asian Monetary Units (AMU), in which all the intra-regional trade put through the clearing union are denominated.

An AMU is equivalent to the Special Drawing Rights of the International Monetary Fund, and its main objective is to provide a facility to exporters in the region enabling them to use national currencies for payments for approved transactions.

This has the effect of economising on the use of exchange reserves and transfers, besides promoting trade among member countries.

For example, in India's exports to Iran, the currency transfer points are from rials to AMUs and then to rupees, whereas without the clearing union rials would be converted to dollars, in which currency the export contract is quoted, then again to sterling, the intervention currency for external transactions of the rupee, before the proceeds were realised in rupees.

The idea in keeping the margin lower than the normal one charged for foreign currency transactions is to encourage exporters and importers to use the clearing arrangement.

At present the exchange dealers' margin differs from country to country, with some countries already charging the minimum.

For instance, the margin in India is 0.01 per cent for transactions put through the ACU, while it is 0.05 per cent for handling foreign currency transactions.

The technical committee is anxious to broaden the clearing union's mandate. At the moment, participation

recommendation is regarded by some officials "as merely a formality."

The technical committee is watching closely developments in Iran, but so far is pleased at Iran's continued active interest in the ACU's activities.

The union was largely a creation of the now-deposed Shah, and at his insistence, the ACU headquarters were located in Tehran, with Bank Markaz Iran, the central bank, providing the secretariat.

Iran's continued interest is interpreted as an expression of its commitment to co-operation with the Third World.

Except for renewed strife in August and September, settlements have been taking place regularly, and after protracted negotiations, the new regime has agreed to continue the secretariat force.

Payments cleared through the ACU amounted to AMU 109.9m in 1978, a five-fold rise over AMU 22.2m in 1973, the clearing union's first full year of operations, and through this time, India has been a consistent creditor.

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UK aid for Sudan power project

BY ALAN DARBY IN KHARTOUM

BRITAIN is close to making a grant of £58m as a contribution to a \$240m (£112m) World Bank project which aims to increase Sudan's electricity generating capacity by 184 MW by the mid-1980s.

It is the British Overseas Development Administration's second largest contribution ever to a single project—the largest being a scheme in Sri Lanka.

West Germany has agreed to put up DM 50m (£13m) and the World Bank has been asked for \$60m. Sudan must find part of the local costs, estimated at 40m Sudanese pounds.

Representatives of the three project financiers, known as Power Three, and officials of Sudan's Public Electricity and Water Corporation agreed in Washington last month that the World Bank would finance the expansion of the Roseires Hydroelectric station by 84MW. Britain's Overseas Development Administration would also meet the cost of the expansion.

sion of Khartoum's Burri thermal power station by 40 MW plus the construction in Khartoum North of a new 60 MW heavy oil burning steam turbine station and that West Germany would pay for a 150-mile, 220 KV transmission line from the Sennar hydroelectric station to a junction point 10 kilometres south of Khartoum.

There has been a considerable increase in electricity demand in the heartland area served by the Blue Nile grid system in recent years. This has been caused by heavy private investment in industry in and around Khartoum, a number of new irrigation schemes in the agriculturally-rich central area, increases in the urban population and the boom created by the country's development drive.

The Roseires station, 270 miles south of Khartoum on the Blue Nile, provides between 60 per cent and 70 per cent of the Blue Nile grid's power. A fourth generating set came on line at Roseires last month

under Power Two, an earlier project, and added 42 mw to the existing three sets of 30 mw each.

Power Three will add two more 42 mw sets, bringing the hydro-electric station's total generating capacity to 216 mw, and lay the embedded foundations for a future seventh set.

ASEA of Sweden and Alpin of Austria installed the first four sets at Roseires, and the experience of these two European concerns is expected to put them in a strong position when international tenders are called for the two new sets at Roseires.

The two Khartoum contracts and accompanying civil works are thought likely to go to British concerns, possibly on a turnkey basis. Included among British companies who have shown interest are GEC, Northern Engineering Industries, Associated Power Engineering, British Civil Engineering and Hawker Siddeley.

Tenders for the Burri station are expected to be called early

next year with this part of the project to be completed by late 1981 or early 1982. Tenders for the new station at Khartoum North will be called late next year or early 1981 and the station is scheduled to come on line in mid-1983.

Two loan agreements providing a total of \$100m have been signed between the Federal Republic of Nigeria, Morgan Grenfell and a syndicate of banks. The first loan agreement provides \$50m under a credit facility guaranteed by the Export Credits Guarantee Department—this is the largest ever UK export credit for Nigeria.

There is also a \$50m floating rate Eurodollar loan.

The Export Credits Guarantee Department has guaranteed the repayment and funding for a U.S.\$10m line of credit which Grindlays Bank has made available to Jugobanka Uzruzena Banka, Yugoslavia. It will help finance U.K. capital goods and associated services contracts placed in the UK.

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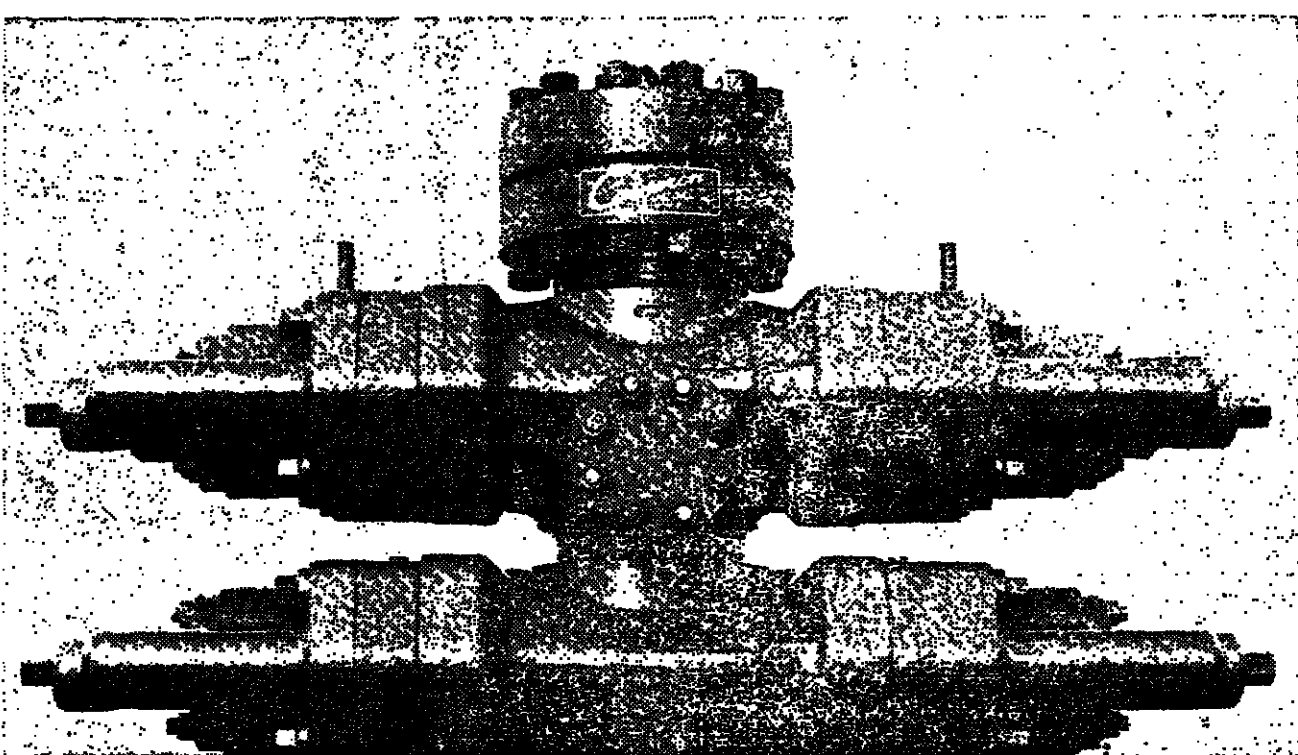
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SURVEY OF EXECUTIVES' SALARIES AND FRINGE BENEFITS

Managers are 7% better off

BY JASON CRISP

THE AVERAGE UK manager is 7 per cent better off in real terms this year compared with last and is also more likely to be receiving fringe benefits. At the beginning of July the average executive's gross salary was 15 per cent higher than a year earlier.

Although the rise in gross pay was slightly less than inflation over the same period, the Budget tax cuts meant the average executive's take-home pay was 24 per cent up, according to the 15th annual survey of executive salaries by Inbucon, the management consultants.

The survey, the largest of its kind in the UK, covering 8,600 managers, showed the average executive has a salary of £10,404. Average "total remuneration" is nearly 6 per cent higher because 44 per cent of the sample received a bonus.

Managing directors had the smallest increase in salary of all the jobs surveyed — a 12 per cent increase brought the average up to £21,401. The highest-paid executive in the survey had a salary exceeding £60,000.

Fringe benefits continued to spread. The company car is fast becoming obligatory; 69 per cent of those surveyed had one.

and of executives earning more than £9,000 a year, 80 per cent had a company car.

Mr. Nigel Bryant of Inbucon warned that if the Government taxed company cars at their full benefit value, it would have a "very profound effect." He said that those benefiting from a car would seek compensation from their companies which would have an enormous effect on salaries—and pensionable incomes. The annual benefit of a 2-litre company car is about £1,500, he said.

Free medical insurance is a fast-growing benefit, according to the survey. More than half the executives received free medical insurance, an increase of 14 per cent on the previous year.

The number of managers who received a bonus has also sharply increased. "In the last two years the number with bonuses has risen by 22 per cent compared with an increase of less than 10 per cent over the previous seven years. The average bonus itself is up, in the last year, from £1,111 to £1,329, an increase of 20 per cent."

Mr. Bryant added that this was probably connected to the number of productivity schemes being adopted in many companies.

| COMPARISON OF TOTAL REMUNERATION* | | | |
|-----------------------------------|--------|------|----------------|
| | £ | % | 1978-79 change |
| MANAGING DIRECTORS | | | |
| General Managers | 21,401 | 11.8 | |
| Company Secretaries | 17,124 | 15.6 | |
| Personnel Executives | 12,243 | 17.5 | |
| Training Executives | 10,997 | 16.4 | |
| Financial Executives | 7,956 | 16.0 | |
| Cost Accountants | 7,424 | 16.1 | |
| Production Executives | 10,186 | 16.2 | |
| Chief Engineers | 8,629 | 15.5 | |
| Production Controllers | 7,606 | 17.4 | |
| Heads of Work Study | 7,397 | 15.2 | |
| Quality Control Executives | 8,000 | 15.7 | |
| Distribution Executives | 8,289 | 14.6 | |
| Purchasing Executives | 8,304 | 16.8 | |
| Sales Executives | 11,103 | 14.9 | |
| Export Sales Executives | 10,105 | 17.2 | |
| Marketing Executives | 10,997 | 15.3 | |
| Heads of Research & Dev't | 10,813 | 17.5 | |
| Heads of Data Processing | 10,103 | 16.2 | |
| All jobs | 11,009 | | |

* Salary plus all cash benefits.

Inbucon said that there was a growing trend towards longer holidays. While 65 per cent of the executives were still entitled to four weeks' holiday, the number entitled to five weeks was 31 per cent compared with 20 per cent in 1975.

The typical executive is 44 (which has been true for the last ten years, notes Mr. Bryant), has been with his company for 13 years and in the same position in the organisation for five years.

The 18th Inbucon annual survey of Executive Salaries and Fringe Benefits in the UK is available from Inbucon, Salary Research Unit, 197 Knightsbridge, London, SW7, price £70.

Bill due shortly to curb NEB

THE GOVERNMENT will introduce the Bill laying down the reduced limits of the National Enterprise Board's activities almost as soon as Parliament reassembles next week. The Industry Bill is one of at least six to be introduced early in the week.

Included in the first batch will be the Shipbuilding Bill, stating the amount of money British shipbuilders can borrow and extending special credit facilities, now available only for shipbuilding, to ship conversions.

Legislation is expected closing some loopholes in the law on insurance companies; on the Isle of Man; on consular fees; and that made necessary by proposed enlargement of the European Community.

Luxembourg lecture

THE PRIME MINISTER will use a lecture in Luxembourg tonight to deliver the first part of a three-part exposition of her views on Britain's role in the world.

The Winston Churchill lecture will be mainly concerned with Europe. Its tone will be largely ideological and thus in sharp contrast to the specific demands for a cut in Britain's contributions to the EEC Budget which Mrs. Thatcher will make at the Dublin Summit next month.

British Steel to aid Czechs

BRITISH STEEL is to provide computer consultancy services to Czechoslovakia. It has been awarded a contract for an undisclosed sum by the United Nations aid to the Czechoslovak Research Institute for Industrial Management and Automation on computer systems for maintenance planning.

It will last about two years. The Czechs will write their own programme with British Steel help.

"Who rules?" query

THE BASIC problem of British industry — "who is in charge?" — Mr. Norman Wilson, chairman of the Institution of Industrial Managers, said. "If managers have abdicated their role, failed to provide positive, responsible leadership, it is hardly surprising that people on the shop floor turn to the unions," he told a lunch meeting in Glasgow's Hall. He called for a "Put Britain First" attitude.

Caleb Brett appeal

CALEB BRETT and Son, the Esperanza subsidiary successfully sued for \$2.1m (about £1m) by a U.S.-controlled oil trading group, has obtained an early hearing of its appeal. The transport and trading group refused to add its subsidiary, which has applied to the High Court to have its business wound up. The winding-up petition is due to be heard on November 19.

Uster workless

NORTHERN IRELAND Economic Council forecast yesterday that the region's unemployment rate would rise by 1.5 per cent to 12 per cent by next July. The council, which monitors and advises on economic policy, strongly urged the Government against public expenditure cuts.

Ashland quits

ASHLAND OIL has sold its remaining interest in the North Sea Brae Field to Kaiser Resources for about \$2.1m. This covers its 6.3 per cent working interest in the field, 155 miles off north-east Scotland.

Order for Rascal

RASCAL, the communications company, has won a \$3.9m order from the U.S. Army for its high-speed communications equipment.

Government plans to end mandatory rating revaluation

BY OUR OWN CORRESPONDENT

THE GOVERNMENT will shortly announce proposals to end the legal requirement for a full rating revaluation every five years.

Instead, the Secretary for the Environment should have the power to decide timing and scope of rating revaluations, suggests a private consultation paper containing the proposals which has been sent to the local authority associations.

The present revaluation system—based on a regular and total assessment of property rateable values—forms a key part of local Government finance arrangements.

Although the proposals are likely to receive a hostile response from local authorities already angered by the June decision of Mr. Michael Heseltine, Environment Secretary, to cancel the planned 1980 revaluation. They are concerned about any reduction in their fragile financial autonomy.

The consultation paper also suggests that the Environment Secretary should be able to order a partial revaluation covering, for instance, only valued and non-valued sectors. This could be done by a weighted index.

Such provisions into the Local Government Bill due this autumn.

Behind the move is Government concern about local authority finance. When Mr. Heseltine cancelled the 1980 revaluation—which had already been put back from 1978—he said the decision would "provide the Government with the opportunity to sort out the longer-term future of the rating system."

That decision brought widespread protests from local authorities which argued that they had to collect rates based on outdated and inequitable data.

Although the Secretary of State can delay revaluations indefinitely through Parliament, a switch to action without reference to Parliament is a major constitutional change removing the power to tax from primary legislation.

Partial revaluation is also viewed with suspicion by the local authorities. The consultation paper says that "appropriate adjustments" would have to be made to ensure a fair distribution between the revalued and non-revalued sectors. This could be done by a weighted index.

Capital tax 'inhibiting industrial investment'

By Christine Moir

INVESTMENT in British industry is being inhibited by the "uneven and unfair" capital taxation system, Mr. Nicholas Goodison, chairman of the Stock Exchange, has told the Government.

He suggests that all forms of assets should receive tax incentives or that none should benefit.

Certain forms of assets, such as Government stocks and insurance policies, have tax advantages not available to other types of assets, such as investment in risk capital. This uneven fiscal treatment puts "positive barriers" in the way of investment in equities, he says.

Mr. Goodison's claim is made in a formal submission from the Stock Exchange to Sir Geoffrey Howe, Chancellor of the Exchequer, who promised a thorough review of capital taxation in his Budget speech yesterday.

Mr. Goodison stressed that the Stock Exchange was simply asking the Government for fiscal neutrality. He thought it would be "premature" for the Government to bring in any form of investment incentives at this time.

The French Government has introduced legislation known as the Loi Mitterrand, which provides tax concessions to stock market investors.

The only tax incentive the Stock Exchange does not want to see is related to employee profit sharing schemes. At present, companies may use their employees up to £500 in shares per annum. The Stock Exchange wants to see this limit raised to £2,500. It also wants a sliding scale of tax leading to complete freedom for employees who do not sell the shares for more than five years.

Banks 'may put new curb' on corporate lending

BY MICHAEL LAFFERTY

A WARNING of further tightening in bank lending to the corporate sector has come from Mr. Roy Vine, senior general manager of Barclays Bank.

Although the banks are giving priority to their lending to industrial borrowers, as requested by the Bank of England, he says, "it is doubtful whether the corporate sector can remain exempt from the corset's restrictive effects." An important factor in the squeeze was less willingness on the part of the Bank of England to release special deposits.

Mr. Vine, writing in the latest issue of the Barclays Bank Briefing news-sheet, is critical of the way the corset operates. This mechanism introduced by the Government to curb bank lending "limits competition between the banks, reduces the scope for innovation and penalises those banks which happen to have a low 'base' level of interest-bearing eligible liabilities (IBELs)." Interest-bearing bank deposits—from which permissible rates of growth are measured.

The Barclays senior manager says the clearing banks in particular find it difficult to control their IBELs, as overdrafts are not under their direction in the short term. "This problem is compounded by the tendency of some non-clearing banks to reduce their advances specifically on monthly 'make-up' days, with which corset limits are aligned. This leads to a purely temporary increase in the overdrafts of the clearing banks as customers make full use of agreed overdraft limits."

"The boost to their lending."

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Ind. prod. | Mfg. output | Eng. order | Retail vol. | Retail value | Unempl. | Vacs. |
|----------|------------|-------------|------------|-------------|--------------|---------|-------|
| 1978 | | | | | | | |
| 2nd qtr. | 110.7 | 104.5 | 96 | 107.9 | 254.4 | 1,387 | 213 |
| 3rd qtr. | 111.3 | 104.8 | 104 | 110.7 | 266.6 | 1,350 | 213 |
| 4th qtr. | 110.3 | 103.2 | 112 | 111.7 | 275.0 | 1,340 | 230 |
| 1979 | | | | | | | |
| 1st qtr. | 109.6 | 101.9 | 100 | 110.3 | 176.4 | 1,351 | 234 |
| 2nd qtr. | 113.7 | 107.9 | 105 | 116.7 | 297.3 | 1,299 | 236 |
| March | 113.1 | 107.7 | 101 | 110.3 | 279.8 | 1,350 | 236 |
| April | 113.9 | 106.5 | 100 | 115.4 | 296.6 | 1,311 | 250 |
| May | 115.4 | 107.1 | 109 | 113.5 | 289.2 | 1,307 | 257 |
| June | 117.7 | 110.2 | 107 | 120.3 | 309.3 | 1,280 | 262 |
| July | 116.5 | 108.1 | 107 | 108.7 | 294.4 | 1,279 | 253 |
| August | 117.7 | 101.8 | 111 | 111.5 | 304.3 | 1,245 | 246 |
| Sept. | | | | 111.0 | | 1,254 | 243 |

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

| | Consumer goods | Invest. goods | Intmd. goods | Eng. output | Metal mfg. | Textile | Housing starts |
|----------|----------------|---------------|--------------|-------------|------------|---------|----------------|
| 1978 | | | | | | | |
| 2nd qtr. | 107.9 | 98.0 | 122.2 | 99.7 | 104.3 | 101.2 | 27.1 |
| 3rd qtr. | 108.5 | 99.1 | 123.5 | 100.2 | 99.2 | 102.7 | 25.9 |
| 4th qtr. | 106.1 | 96.9 | 124.0 | 97.0 | 98.9 | 102.4 | 20.2 |
| 1979 | | | | | | | |
| 1st qtr. | 105.3 | 98.0 | 125.5 | 98.1 | 98.5 | 98.5 | 12.9 |
| 2nd qtr. | 109.1 | 105.2 | 132.8 | 104.4 | 110.2 | 102.0 | 21.2 |
| March | 109.0 | 103.0 | 131.0 | 103.0 | 111.0 | 101.0 | 18.5 |
| April | 107.0 | 104.0 | 130.0 | 103.0 | 110.0 | 101.0 | 20.0 |
| May | 109.0 | 105.0 | 132.0 | 104.0 | 105.0 | 102.0 | 20.0 |
| June | 111.0 | 106.0 | 137.0 | 105.0 | 115.0 | 105.0 | 23.1 |
| July | 109.0 | 105.0 | 135.0 | 105.0 | 115.0 | 100.0 | 22.5 |
| August | 105.0 | 97.0 | 129.0 | 97.0 | 97.0 | 99.0 | 18.1 |

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance, current balance (1975=100); oil balance (£m); terms of trade (1975=100); exchange reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv. US\$bn. |
|----------|---------------|---------------|-----------------|-----------------|-------------|-------------|---------------|
| 1978 | | | | | | | |
| 2nd qtr. | 124.8 | 114.9 | -0.4 | +0.3 | -501 | 106.1 | 16.55 |
| 3rd qtr. | 124.5 | 112.3 | 0.0 | +0.6 | -480 | 106.9 | 13.77 |
| 4th qtr. | 124.5 | 112.3 | 0.0 | +0.6 | -480 | 106.9 | 13.77 |
| 1979 | | | | | | | |
| 1st qtr. | 110.0 | 118.0 | -1.6 | -1.2 | -237 | 107.7 | 16.78 |
| 2nd qtr. | 134.0 | 135.0 | -1.1 | -1.1 | -210 | 108.0 | 21.69 |
| 3rd qtr. | 133.0 | 128.0 | -0.3 | -0.7 | -155 | 108.1 | 23.18 |
| March | 117.0 | 129.0 | -0.7 | -0.3 | 97 | 107.4 | 17.45 |
| April | 133.0 | 135.0 | -0.2 | -0.2 | -114 | 108.9 | 21.47 |
| May | 134.0 | 137.0 | -0.4 | -0.4 | -54 | 108.0 | 21.53 |
| June | 130.0 | 132.0 | -0.3 | -0.3 | -42 | 107.1 | 22.07 |
| July | 134.0 | 127.0 | 0.0 | 0.0 | -1 | 109.3 | 23.49 |
| August | 132.0 | 130.0 | -0.1 | -0.1 | -122 | 108.2 | 25.20 |
| Sept. | 133.0 | 128.0 | -0.1 | -0.1 | +9 | 106.9 | 22.73 |

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

| | M1 % | M3 % | Bank adv. % | DCE £m | BS inflow | HP lending | MLR % |
|----------|------|------|-------------|--------|-----------|------------|-------|
| 1978 | | | | | | | |
| 2nd qtr. | 10.1 | 15.0 | 24.5 | +2,800 | 694 | 1,506 | 10 |
| 3rd qtr. | 17.2 | 8.1 | 8.6 | +572 | 748 | 1,539 | 10 |
| 4th qtr. | 14.9 | 12.0 | 8.6 | +1,774 | 878 | 1,584 | 12 |
| 1979 | | | | | | | |
| 1st qtr. | 7.6 | 9.4 | 32.5 | +1,521 | 777 | 1,583 | 13 |
| 2nd qtr. | 9.7 | 17.2 | 23.5 | +2,708 | 777 | 1,889 | 14 |
| March | 16.8 | 6.4 | 19.3 | +825 | 345 | 366 | 12 |
| April | 13.9 | 8.1 | 20.7 | +996 | 309 | 622 | 12 |
| May | 9.7 | 17.2 | 23.5 | +837 | 125 | 680 | 14 |
| June | 7.1 | 14.3 | 34.1 | +422 | 299 | 630 | 14 |
| July | 5.9 | 12.0 | 28.6 | +1,065 | 390 | 636 | 14 |
| August | | | | | 411 | | |
| Sept. | | | | | | | |

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

| | Earnings | Basic mths. | Wholesale mths. | RPI | Foods | FT comdty. | Stric. |
|----------|----------|-------------|-----------------|-------|-------|------------|--------|
| 1978 | | | | | | | |
| 2nd qtr. | 133.2 | 144.9 | 154.8 | 199.2 | 208.2 | 257.74 | 62.4 |
| 3rd qtr. | 136.4 | 147.1 | 157.3 | 202.6 | 208.9 | 257.63 | 62.7 |
| 4th qtr. | | | | | | | |
| 1979 | | | | | | | |
| 1st qtr. | 140.2 | 132.2 | 161.6 | 208.9 | 218.8 | 258.33 | 64.1 |
| 2nd qtr. | 147.3 | 161.3 | 168.0 | 216.5 | 225.2 | 263.55 | 67.9 |
| 3rd qtr. | 147.2 | 167.2 | 178.4 | 210.6 | 220.2 | 268.85 | 68.0 |
| March | 143.7 | 153.5 | 163.2 | 210.6 | 220.2 | 268.85 | 68.0 |
| April | 144.2 | 158.4 | 165.5 | 214.2 | 221.6 | 277.11 | 68.9 |
| May | 146.9 | 161.0 | 167.7 | 215.9 | 224.0 | 279.20 | 69.0 |
| June | 150.9 | 164.6 | 170.9 | 219.6 | 226.0 | 282.55 | 69.3 |
| July | 155.6 | 165.4 | 174.8 | 220.1 | 231.2 | 278.92 | 71.9 |
| August | 153.3 | 165.7 | 178.3 | 229.9 | 231.5 | 280.04 | 71.3 |
| Sept. | 169.4 | 178.2 | | | | 301.66 | 69.0 |

* Not seasonally adjusted. † Trade figures are quoted with less precision owing to industrial disputes.

Earnings match retail price index

BY DAVID FREUD

AVERAGE earnings are now rising at an underlying annual rate of between 15 and 16 per cent—much the same as retail price inflation.

The Employment Department's broad earnings index, covering about 21m workers, rose by 16.4 per cent to 153.6 (January 1976=100) in the year to August. This compares with a rise of 16.5 per cent in the 12 months to July.

Last month's index was in-

fluenced by several special factors. On the one hand the engineering dispute tended to depress earnings, while on the other back pay has continued to inflate the index.

Settlements by teachers, local authority non-manual workers, National Health professionals and electricity supply workers were among those under which back payments were made in August.

The index was also inflated by changes in settlement dates, as

employees went back to settlement times used before the Labour Government's pay policy. Another factor was staged settlements, such as that of the civil servants.

Taking the various factors into account, officials estimate that the underlying rise in earnings over the 12 months to August was between 15 and 16 per cent. This compares with a 15.8 per cent rise in the retail price index and 13.4 per cent in the new tax and price index.

The older index of average

UK NEWS

Clydebank
jobless
'may rise
to 25%'By Ray Perman, Scottish
Correspondent

THE UNEMPLOYMENT rate on Clydebank is likely to rise to 25 per cent—three times the present level—after the closure of the Singer plant next June, according to Strathclyde Regional Council.

The council supports proposals to attract new industry to Clydebank by making environmental improvements and converting the Singer plant into small workshop units, similar to those at the former Glangarrock steel works and Clyde Iron works in Glasgow.

Mr. Tony Worthington, a member of the council, called on the Scottish Development Agency to organise a task force to rehabilitate the town.

Mr. George Younger, the Secretary for Scotland met local MPs yesterday and Mr. Donald Dewar, Labour MP for Garscadden, which borders Clydebank, urged the Government to put pressure on Singer to donate a big sum of money "to undo some of the damage done to the area by the company's plans."

Mr. Worthington said yesterday that the closure would badly hit other neighbouring districts, where the number of unemployed could nearly double.

The council estimates that Singer's plan to end sewing machine manufacture at Clydebank will mean the loss of £20m a year in purchasing power to the region and that the total number of jobs lost may reach 8,000—twice the number directly made redundant by the company.

New ships released
as yard ends action

By Ray Perman, Scottish Correspondent

INDUSTRIAL ACTION at the Robb Caledon shipyard in Dundee was ended yesterday releasing four vessels for completion and delivery. The yard was the last to maintain sanctions against British Shipbuilders' rundown plans.

The 1,000 men employed at the yard had been bannan over time and refusing to launch or deliver ships until they were given a guarantee that shipbuilding would be continued at Dundee. British Shipbuilders had proposed putting the yard on a "care and maintenance" basis when work ran out.

The workers yesterday voted to lift their action, pending the findings of a joint study group which will investigate ways of making the yard more efficient.

The vote means that a cement carrier for New Zealand, which has been completed but trapped in the yard, can be delivered as soon as her owners call to collect her. The buyer's representatives returned home last month when shop stewards would not allow the ship to leave.

The launch of a bulk carrier for Poland, which has been on the slipway since August, can also go ahead—probably tomorrow.

Outfitting work can be finished on another Polish bulk carrier, which should be ready by the end of the year, and construction work can continue on a third similar vessel.

The ships have been delayed by the dispute, but it will not be clear whether any financial penalties will be imposed until the completion of negotiations between British Shipbuilders and the ships' owners.

Workers at other British yards lifted sanctions a month ago after the scaling down of the closure and redundancy programme proposed by the ship-

building corporation. But the Robb Caledon men demanded an assurance that the yard would be kept open for merchant shipbuilding.

The agreement they have accepted was reached at a meeting in Newcastle on Monday between British Shipbuilders and the Confederation of Shipbuilding and Engineering Unions. It appears little different to the previous understanding last month, which was rejected by the Dundee workers.

Mr. Bill Martin, personnel director at the yard, said that

there was no commitment by the management to continue shipbuilding. But the position would be reviewed at a further meeting after the study group had reported in a month. The management wanted changes in working practice, particularly the relaxation of demarcation restrictions between trades.

Mr. Bob Barty, union convenor, said the workforce was prepared to allow launching and delivery of the ships in the hope that a way would be found to enable the yard to tender for more contracts.

Call for better credit
to boost shipbuilding

By John Elliott, Industrial Editor

BRITAIN'S SHIPBUILDERS needed to be free to offer improved credit terms when bidding for work to help maintain the country's shipyards until orders expanded and prices could be increased.

Mr. John Parker, British Shipbuilders board member for shipbuilding, said last night that price increases of "at least 35 to 50 per cent" were needed to make shipbuilding profitable. Mr. Parker, speaking to the Royal Institution of Naval Architects, reflected on his board's frustrations over what he regards as undue restrictions placed on British Shipbuilders' tenders by the Industry Department.

His figures were based on a survey of cost trends in Japan, West Germany and the UK for a selection of seven different ship types.

The survey was conducted by British Shipbuilders' econo-

mists. It showed there had been no price increase for ships since 1974. Instead the industry had suffered a price reduction. "The price of ships, historically, has been extremely volatile, with an increase of 100 per cent between 1972 and 1974," said Mr. Parker.

"The importance of providing improved credit, particularly to UK owners, in line with the terms provided by other EEC countries to their domestic shipowners ordering at home, has been stressed by British Shipbuilders on many occasions."

Mr. Parker claimed that whereas UK owners could obtain advances of only up to 70 per cent of a new vessel's cost over seven years at 7.5 per cent interest, Belgium offered the "best credit" with a 90 per cent loan over 15 years, with 1 per cent interest on 80 per cent of the loan and 6 per cent interest on the remainder.

Glasgow
Tube
re-opening
delayed

By Anthony Moreton

THE RE-OPENING of Glasgow's underground system after a £43m modernisation, which is to be inaugurated by the Queen on November 1, has been postponed. It was to have started taking passengers on Monday, November 5.

Mr. Hamish Taylor, director of operations of the Greater Glasgow Passenger Transport Executive, said in Glasgow yesterday that he was "bitterly disappointed" at the postponement which had been forced on the authority by delays in bringing the power and signalling into operation. The automatic train-operating system had also been delayed because of difficulty in overcoming flooding.

Queen Victoria will go ahead as planned but Mr. Taylor said the earliest date the underground part of the Trans-Clyde railway could start operating would be in December. One date being mentioned is December 17, though it might be put back to January 14.

The associated £35m Argyle Line, run by British Rail on behalf of Glasgow, will come into operation on November 5 as planned.

For the executive, the delay is highly embarrassing. Only a month ago, Mr. George Younger, Secretary for Scotland, was assured that the opening would go ahead on time.

Mr. Taylor said the series of two-day engineering strikes had not helped time keeping, but admitted that a postponement would have been necessary even if the engineers had worked normally. The new underground replaces an 81-year-old system, which closed in 1977. When the old system shut its rolling stock was probably the oldest in use in the world. Its coaches had been introduced during Queen Victoria's reign.

During the four-year project many of the 15 stations on the underground have been rebuilt

Peugeot launches 2-litre 505

By Kenneth Gooding, Motor Industry Correspondent

PEUGEOT launches its 505, two-litre saloon in the UK today. The car is vitally important for the future of the company as a whole as well as for its progress in Britain.

The 505 is successor to the 304, which continues in production. Sales of the 304 have reached 2.5m since it was introduced in 1968. Last year, it accounted for nearly 35 per cent of Peugeot's output.

Peugeot, as an individual producer within the PSA Peugeot-Citroën group, last year spent the equivalent of £200m on investments including product development, and the lion's share went on the 505.

Although the model was launched on the continent only five months ago, production has already reached 1,350 a week. By the end of August 20,000 had been sold in the home market.

Peugeot UK expects to sell 8,000 to 10,000 505s next year, and to almost double its penetration of the two-litre market, which accounts for about 10 per cent of car sales in Britain.

It will attract some 304 buyers, the 304 continues only as a 1.8 litre saloon and estate in the UK. It will win customers from Ford, which dominates the two-litre



The Peugeot 505—launched in the UK today.

market, as well as BL (the Princess), Vauxhall (the Carlton) and importers Volvo, Renault and Audi.

Peugeot UK expects to sell about 50,000 cars in Britain next year, of which 14,000 will be 505s. 504s and 505s—a high ratio of relatively expensive cars.

This should increase the company's market penetration from 2.3 to 2.9 per cent.

Peugeot UK expects the British market to hold at about 1.6m in 1980, compared with a Society of Motor Manufacturers and Traders forecast of 1.5m.

The 505 is competitively priced at between £5,781 and £7,001. Power assisted steering is standard on all models.

Automatic transmission is £575 extra, and is available only on some of the range.

Three engines are offered—the two-litre carburettor engine and the diesel already used in the 504, and a fuel-injection engine developed by Peugeot de Mécénique, the joint Peugeot-Renault company based at Douvrin, Northern France.

The body shell and many interior fittings are new, but the 505 draws many mechanical components from either the 304 or the 604. The 505 is lighter than the 504, and Peugeot claims its fuel consumption shows a 10 per cent improvement on that range.

Other government contracts
could be at risk, says centre

By Paul Taylor

THE GOVERNMENT'S decision to end two major contracts with the Centre for Environmental Studies as part of its review of quangos, quasi-autonomous national government organisations—could have serious implications for other government contracts, claims the centre.

The centre, which conducts

independent research into matters such as housing finance and rate support grant, has been told by Mr. Michael Heseltine, Environment Secretary, that six major Department of the Environment contracts, worth £600,000 in all, are to be withdrawn over a phased period.

As a first step, the centre has been told that two contracts, worth £200,000, which were due to expire in June, 1980, are to be ended in March, 1980. Negotiations concerning the remaining four contracts have just begun.

However, the centre believes that the Government's decision to end the contracts, using a standard withdrawal clause, could pose a threat to other research and commercial contracts.

At the root of the dispute are two key issues:

● The understanding upon which government contracts are accepted.

● The basis on which researchers are recruited to undertake the contracts. Although the centre recognises that all government con-

tracts contain break clauses, it maintains that the gentlemen's agreement "under which contracts are signed excludes early termination of the contracts in all but exceptional circumstances. It maintains that policy changes due to the change in government do not represent such exceptional circumstances.

The centre therefore believes that the value of government contracts with other organisations could in future be in doubt. In addition, the centre claims that although a clause in the contract covers redundancy payments should the government end a contract prematurely, the relative lack of job security would make it difficult, if not impossible, to recruit highly qualified researchers.

Such criticisms are, however, rejected by the Department of the Environment, which says that all DoE contracts contain break clauses of this type.

Nevertheless, Mr. Peter Willmott, a director of the centre, said: "The understanding upon which contracts are being signed is being broken in this case."

Sterling policy 'should
boost capital exports'

By Peter Riddell, Economics Correspondent

THE GOVERNMENT'S sterling policy should aim to develop capital exports from the UK in line with the impact on the balance of payments of North Sea oil, say two influential City commentators.

Mr. John Forsyth and Ms. Francesca Edwards of the merchant bankers Morgan Grenfell say in a Chatham House discussion paper published by the Royal Institute of International Affairs that exchange rate policy should be systematically related to the development of the balance of payments.

They conclude that it would be "imprudent" for sterling to be linked closely with other EEC currencies in the European Monetary System unless there

is specific provision for capital exports.

Without a satisfactory agreement on balance-of-payments objectives the obligation to intervene might disrupt both monetary policy and the balance of payments.

The paper says that "if a balance-of-payments approach to exchange rate policy is adopted it would be appropriate to aim at a deficit on capital account transactions, in view of the impact of North Sea development on the external balance, since if the UK does not export capital it must export jobs."

"A policy for Sterling," £2.50, Policy Studies Unit, Chatham House, 10, St. James's Square, London, SW1Y 4LE.



General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 1979

All companies mentioned are incorporated in the Republic of South Africa

STILFONTEIN
GOLD MINING COMPANY LIMITED

Issued Capital—13,062,930 shares of 50 cents each.

Operating Results

Quarter ended 9 months ended

30 Sept. 30 June 30 Sept.

1979 1979 1979

Gold Mined (t) 154,982 157,566 450,311

Ore milled (t) 510,000 515,000 1,488,000

Gold recovered (kg) 4,261,423 4,151,000 12,357,066

Yield (g/t) 8.36 8.06 8.31

Working revenue (R/t milled) 69.71 56.59 61.30

Working costs (R/t milled) 40.49 37.41 39.01

Income (R/t milled) 123.22 122.27 123.91

Income before Taxation (R/t milled) 29.22 19.16 22.19

Price received on Gold Sales (R/kg) 8.153 7.030 7.325

Price received on Gold Sales (R/kg) 8.153 7.030 7.325

Note: The above figures exclude ore milled for Buffelsfontein Gold Mining Company Limited.

Financial Results (R'000)

Gold—Working revenue 35,554 29,142 91,064

Gold—Working costs 20,948 12,286 52,048

Income 14,606 16,856 39,016

Sundry Mining Income—Net 19 10 48

Sundry Non-Mining Income—Net 205 168 2,106

Tribute and Royalty Payments—Net (1,735) (1,143) (3,573)

Income before Taxation and State's Share of Income 13,894 15,831 37,597

Taxation and State's Share of Income 7,687 4,624 16,556

Income after Taxation and State's Share of Income 6,207 11,207 21,041

Capital Expenditure—Quarter 848 491 1,590

Capital Expenditure—Year 1,038 1,245 3,029

Capital Expenditure—Remainder of year 1,858 2,512 1,883

Dividends—declared 4,572 4,572 4,572

Dividends—cents per share 45 45 45

Loan levy 498 146 1,120

Development 8,754 8,890 25,622

Sampled (m) 2,004 1,939 5,238

Channel width (cm) 24.8 24.8 24.8

Average value—Gold (cm/g/t) 1,666 1,648 1,699

Average value—Uranium (cm/g/t) 27.81 24.01 25.54

Payable: Metres (m) 1,599 1,440 3,972

Percentage 79.8 72.4 75.8

Channel width (cm) 24.8 24.8 24.8

Value—Gold (cm/g/t) 1,666 1,648 1,699

Value—Uranium (cm/g/t) 27.81 24.01 25.54

Development Summary

For the three months ended 30 Sept. 1979

Total Development Metres width Gold Uranium

Reef advanced sampled cm. g/t cm. g/t kg/t cm. g/t

Vaal 3,374 1,878 25 72.0 1,763 1,205 29.52

Vanderdorp Contact 128 128 32 67 215 0.122 3.98

Commonage — — — — — — —

Livingstone — — — — — — —

Totals 3,503 2,004 25 66.9 1,666 1,121 27.91

Payable Development

Reef Payable centimetres width Gold Uranium

Vaal 1,699 85.1 24.8 79.5 1,972 1,292 32.05

Vanderdorp Contact — — — — — — —

Commonage — — — — — — —

Livingstone — — — — — — —

Totals 1,699 85.1 24.8 79.5 1,972 1,292 32.05

REMARKS—STILFONTEIN

The high recovery grade is mainly attributable to increased mining in the higher grade HB20 area and increased vamping done in certain of the cross-cuts. As forecast, unit working costs were higher mainly due to wage increases granted during the quarter.

Capital expenditure amounting to R848,000 was mainly due to the re-planting of a waste rock dump (R450,000) and expenditure incurred on the installation of a wet high intensity magnetic separator plant (R123,000) which is expected to come into operation this quarter. A tripartite agreement was concluded during the quarter with Lucas Block Minerals Limited whereby the Company became entitled to mine a small extension of the reef into the Lucas Block area.

CHEMWEES LIMITED (A subsidiary of Stilfontein Gold Mining Company Limited)

Uranium Pulp treated (t) 544,700 544,700

Gold recovered (kg) 76,142 76,142

Yield (g/t) 0.14 0.14

WEST RAND
CONSOLIDATED MINES LIMITED

Issued Capital—4,250,000 shares of R1 each.

Operating Results

Quarter ended 9 months ended

30 Sept. 30 June 30 Sept.

1979 1979 1979

Gold Section Mined (t) 39,887 38,759 110,485

Ore milled (t) 141,000 141,000 411,000

Gold recovered (kg) 419,308 495,422 1,396,424

Yield (g/t) 2.97 3.48 3.38

Working revenue (R/t milled) 9.70 9.43 9.43

Working costs (R/t milled) 25.42 24.03 24.77

Income (R/t milled) 79.69 76.81 79.06

Income before Taxation (R/t milled) (16.12) (13.96) (14.84)

Price received on Gold Sales (R/kg) 8.097 6.832 7.162

Price received on Gold Sales (R/kg) 8.097 6.832 7.162

Note: The above figures include ore processed by Stilfontein Gold Mining Company Limited.

Financial Results (R'000)

Gold—Working revenue 4,306 4,398 12,795

Gold—Working costs 11,464 10,488 31,920

Income 2,842 3,910 1,875

Sundry Mining Income—Net 5 5 14

Sundry Non-Mining Income—Net (8) 14 89

Tribute and Royalty Payments—Net (168) (181) (484)

Income before Taxation and State's Share of Income 2,661 3,748 1,494

Taxation and State's Share of Income 1,191 1,281 6,089

Income after Taxation and State's Share of Income 1,470 2,467 5,405

Capital Expenditure—Quarter 1,722 858 3,482

Capital Expenditure—Year 1,252 2,063 1,252

Capital Expenditure—Remainder of year 1,839 3,385 1,839

Dividends—declared 319 319 319

Dividends—cents per share 3.19 3.19 3.19

Loan levy 425.0 425.0 425.0

Development 6,062 5,767 17,070

Sampled (m) 2,372 2,342 7,089

Channel width (cm) 59 57 59

Average value—Uranium (cm/g/t) 62.50 73.17 65.34

Average value—Gold (cm/g/t) 130 165 151

Payable: Metres (m) 1,136 1,268 3,487

Percentage 47.9 54.1 49.2

Channel width (cm) 60 59 64

Value—Uranium (cm/g/t) 1,478 1,442 1,443

Value—Gold (cm/g/t) 88.13 98.99 92.02

Development Summary

For the three months ended 30 Sept. 1979

Total Development Metres width Gold Uranium

Reef advanced sampled cm. g/t cm. g/t kg/t cm. g/t

Vaal 1,599 85.1 24.8 79.5 1,972 1,292 32.05

Vanderdorp Contact 128 128 32 67 215 0.122 3.98

Commonage — — — — — — —

Livingstone — — — — — — —

Totals 1,599 85.1 24.8 79.5 1,972 1,292 32.05

Payable Development

Reef Payable centimetres width Gold Uranium

Vaal 1,699 85.1 24.8 79.5 1,972 1,292 32.05

Vanderdorp Contact — — — — — — —

Commonage — — — — — — —

Livingstone — — — — —

ITV 45% offer goes to ballot

BY GARETH GRIFFITHS, LABOUR STAFF

THE Independent Television companies are expected to have to wait at least a week before knowing if their 45 per cent two-year pay offer to the Association of Cinematograph, Television and Allied Technicians will be accepted and broadcasting resumed.

A meeting of ACTT shop stewards and delegates to the union's television branch decided yesterday not to make any recommendation on the offer to its 6,000 ITV members. The offer will be put without a recommendation at a series of shop meetings over the next week.

Early results from a ballot of the National Association of Theatrical, Television and Kine Employees yesterday showed strong support for acceptance of a one-year deal worth about 22 per cent.

Mr. Jack Wilson, NATKE's general secretary said his members at London Weekend Television, Border, Independent Television News, Ulster Television had voted overwhelmingly in favour of the offer. NATKE members at Harlech Television at Cardiff voted for a two year deal on the lines of the ACTT offer.

Shop stewards from the Electrical and Plumbing Trades union recommended on Monday that their 750 members in ITV accept a one-year deal. The EPTU national headquarters expect a result at the end of the week.

ITV says it can put on an emergency national service once the three unions have accepted a settlement. The blackout will enter its 11th week tomorrow.

Unions agree public service claim

BY NICK GARNETT, LABOUR STAFF

PUBLIC SERVICE unions yesterday agreed a claim for substantial though unspecified pay increases for more than 1m manual workers employed by local authorities.

The claim, which will be submitted to employers later this month, is principally designed to protect against inflation the value of the awards made by the Clegg Commission. The unions have said that means seeking a deal worth at least 17 per cent.

The unions at yesterday's meeting, the General and Municipal, the National Union of Public Employees and the Transport and General also want a reduction in the working week to an eventual 35 hours.

During separate delegate conferences of the three unions, shop stewards have also pointed to the need to improve the service allowance and shift pay and to increase holiday entitlement by up to a week.

Mr. Charles Donnet, General and Municipal national officer and leader of the union side emphasised earlier this week that the Clegg report had referred to the inadequacy of the service allowance—presently 65p a week after five years. The report also indicated that

the holiday entitlement for local authority manual workers might be two to three days lower than that for comparable groups.

Local authorities are still unsure how much of the Clegg awards they will have to fund. The Rate Support Grant is to be fixed on November 20 and the authorities have told their need to take £360m off spending, the Government will reduce by £300m its share of the increase order to cover unforeseen spending.

R-R and Sony unions chosen

THE ADVISORY Conciliation and Arbitration Service has recommended the Rolls-Royce car division should recognise the Association of Scientific, Technical and Managerial Staffs for collective bargaining on behalf of managerial staff.

It has also recommended the United Road Transport Union should be recognised as a Sony's Slough depot for collective bargaining on behalf of drivers, warehousemen and storekeepers.

Nuclear workers accept pay deal

BY PHILLIP BASSETT, LABOUR STAFF

MANUAL WORKERS employed by the United Kingdom Atomic Energy Authority have reached agreement on a pay deal estimated to be worth between 14 and 27 per cent. It is one of the first public sector pay settlements since the new wage round.

Union officials representing the 4,500 manual workers involved were unhappy about some elements of an earlier offer from the authority, particularly in relation to craft workers' differentials with lower grades.

The deal was formally accepted by the unions involved yesterday after consultations with the membership. It includes the establishment of a new grading structure for general workers, reducing the number of grades from 14 to six.

Because of this change, direct comparisons of rates between grades are more difficult. The deal gives bottom grade manual workers a new rate of £69.50 a week, rising through rates of £71, £73, £75.50 and £78.50 to a top manual rate of £82.

Present rates give the lowest grade manual workers £57.27, middle grade £60.93 and top grade £63.98.

The deal increases the craft rate from £71.35 to £81, and shows a significant improvement on the authority's previous craft rate offer of £87.55.

Court rules on election

THE UNION of Construction, Allied Trades and Technicians was wrong to bar a candidate from the election for assistant general secretary because he refused to move from Cambridge to London if he won, a High Court judge ruled yesterday.

Mr. Ivor Jordan, the union's eastern region secretary, had sought the ruling. He had the backing of 100 branches, more than any other candidate, when he was nominated for the post.

The election has been delayed pending the court's decision. The union executive will now have to consider whether to start its election procedure afresh. The judge was told potential candidates may have been deterred by the understanding that they would have to move to London if elected.

Distillers' strike ends

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE DISTILLERS' Company, which accounts for nearly half the output of Scotch whisky, could be back in full production next week following the acceptance of an improved pay offer by union negotiators.

The workers, members of the General and Municipal Workers Union and the Transport and General Workers Union, had demanded £12 a week raises. They settled for £10 a week back-dated to June 2 rising to £12 a week today.

The unofficial strike of 6,000 workers at distilleries, and blending and bottling halls stopped the manufacture of whisky spirit and the export of whisky worth nearly £5m a week.

Employees in malt whisky distilleries are covered by a separate agreement and did not take part in the action. But production of malt had been halted by a lack of yeast and the company had said it would have to lay off 1,100 men next weekend.

Short-term traumas and long-term scars

ARTHUR SANDLES EXAMINES THE COST OF THE ITV STOPPAGE

THE UNIONS had us wrong right from the start. They thought we would be worried about losing revenue this autumn. But, for us, the next ten years are much more important than the past few weeks.

So said the television boardroom man as we examined the financial devastation of the extended ITV stoppage. The revenue loss is now around £70m. It will be a long time before the scars, both monetary and psychological, are healed.

At this time of year, the biggest of the commercial television companies, Thames, should be taking around £2.5m a week in advertising revenue, only marginally less than recently announced post-tax profits for the whole of the last financial year.

There are similar startlingly large figures to be found in other areas of the business. J. Walter Thompson, the huge advertising agency, was to have spent £2.5m on television time on behalf of clients last month. Only about a third of that went into other media.

The impact on the advertising world, used to deep carpets and expense account lunches, has been traumatic. Initial thoughts that the money would simply be spent later no longer hold true.

Campaigns have been ditched and agencies, which live off commission rather than fees, have been hit hard. "The way that agencies' business is geared makes them very heavily dependent on the second half of the year for their revenue," says Michael Cooper-Evans, JWT managing

director. With many companies looking to television for three-quarters of their revenues, there have been redundancies and a massive cut back on the use of outside freelancers and the once-thriving "hot shop" business which provides many of the large agencies with their bright ideas.

Mr. Laurie Cox-Freeman, director of Gordon Procter and Partners, which has had to lay off 12 staff because of the dispute, says wryly: "It is difficult to dent the profits."

Various factors have served to ease the full impact of the revenues loss on the television companies. With three unions involved in the dispute, their salary bills have been drastically reduced. Although the companies have not quite been

reduced to care and maintenance levels, clearly without the cameras turning day-to-day expenses have been reduced substantially.

To some extent the pressure has been much greater on the smaller companies, and not just for obvious size reasons.

The big network companies which provide the bulk of nationally shown materials are geared to long-term planning and expenditure and have resources organised accordingly. Many smaller organisations are much more reliant on their day-to-day cash flow.

The present Government Levy system acts as a buffer against disaster to some extent. The Levy is 66.7 per cent of all profits above £250,000 or 2 per cent of revenue, whichever is larger. Corporation tax comes

on top of that. Clearly, therefore, the Treasury is a heavy loser in the dispute, probably to the extent of several millions of pounds.

Given that everything is back in normal by mid-November, then Christmas programming on ITV will probably be no different than in any other year. To do a full Christmas schedule the companies probably need no more than four weeks' preparation—provided everything went smoothly in those four weeks.

However, there have already been various hidden changes to forthcoming productions, provoked by the sheer passage of time.

The determination of both sides to dig their heels in for as long as possible was due to the sizeable issues at stake besides

money. New technology is, of course, the major additional factor. Not only does this involve the use of new lighter weight cameras but also a whole new range of gadgetry for back-stage use, which will transform the work of numerous departments.

The companies are about to invest heavily in the new generation of equipment, both for their present services and also for ITV 2 which will be starting in a couple of years-time.

As one news producer put it: "At the moment I've got two eyes on a crystal ball. I would sooner have a two-man crew." Local partnerships but the implications for union demoralisation and restraint are considerable.

Union Corporation Group

Directors' Reports of Gold Mining Companies for the quarter ended 30th September, 1979.

MARIEVALE CONSOLIDATED MINES LIMITED

| Issued Capital R1,126,000 in shares of 25 cents each. | | | | |
|---|-------------------------------|------------------------------|-------------------------------------|-------------------------------------|
| | Quarter ended 30th Sept. 1979 | Quarter ended 30th June 1979 | Twelve months ended 30th Sept. 1979 | Twelve months ended 30th Sept. 1978 |
| OPERATING RESULTS: | | | | |
| One Milled (t) | 255,000 | 255,000 | 750,000 | 750,000 |
| Gold produced—kg. | 459 | 510 | 1,449 | 1,449 |
| Yield—(g/t) | 1.8 | 2.0 | 1.9 | 1.9 |
| Revenue per ton milled | R15.50 | R14.22 | R14.37 | R14.37 |
| Cost per ton milled | R7.85 | R6.94 | R7.83 | R7.83 |
| Profit per ton milled | R7.65 | R7.28 | R6.54 | R6.54 |
| Working costs | R3,952,000 | R3,626,000 | R10,774,000 | R10,774,000 |
| Working profit | R1,851,000 | R1,857,000 | R5,657,000 | R5,657,000 |
| Net sundry revenue | R2,001,000 | R1,769,000 | R5,119,000 | R5,119,000 |
| PROFIT before taxation and lease consideration | R44,000 | R33,000 | R127,000 | R127,000 |
| Taxation | R2,045,000 | R1,800,000 | R5,244,000 | R5,244,000 |
| PROFIT after taxation | R112,000 | R1,011,000 | R2,904,000 | R2,904,000 |
| Capital expenditure | R816,000 | R781,000 | R2,342,000 | R2,342,000 |
| Dividend declared | R10,000 | R25,000 | R44,000 | R44,000 |
| Loan levy (recoverable) | R17,000 | R96,000 | R276,000 | R276,000 |
| Dividend | | | | |
| Dividend of 40 cents per share was paid on 10 August, 1979. | | | | |

BRACKEN MINES LIMITED

| Issued Capital R12,800,000 in shares of 90 cents each. | | | | |
|--|-------------------------------|------------------------------|-------------------------------------|-------------------------------------|
| | Quarter ended 30th Sept. 1979 | Quarter ended 30th June 1979 | Twelve months ended 30th Sept. 1979 | Twelve months ended 30th Sept. 1978 |
| OPERATING RESULTS: | | | | |
| One Milled (t) | 190,000 | 190,000 | 770,000 | 770,000 |
| Gold produced—kg. | 1,027 | 1,119 | 4,882 | 4,882 |
| Yield—(g/t) | 5.4 | 6.1 | 6.1 | 6.1 |
| Revenue per ton milled | R46.79 | R43.84 | R42.83 | R42.83 |
| Cost per ton milled | R20.42 | R19.03 | R19.08 | R19.08 |
| Profit per ton milled | R26.37 | R24.81 | R23.75 | R23.75 |
| Working costs | R8,889,000 | R8,349,000 | R33,054,000 | R33,054,000 |
| Working profit | R3,880,000 | R3,615,000 | R14,888,000 | R14,888,000 |
| Net sundry revenue | R3,008,000 | R4,734,000 | R18,368,000 | R18,368,000 |
| PROFIT before taxation and lease consideration | R460,000 | R112,000 | R885,000 | R885,000 |
| Taxation and lease consideration | R5,488,000 | R4,846,000 | R19,251,000 | R19,251,000 |
| PROFIT after taxation and lease consideration | R3,014,000 | R2,948,000 | R11,404,000 | R11,404,000 |
| Capital expenditure | R2,456,000 | R1,896,000 | R7,847,000 | R7,847,000 |
| Dividend declared | R38,000 | — | R38,000 | R38,000 |
| Loan levy (recoverable) | R3,820,000 | — | R7,280,000 | R7,280,000 |
| DEVELOPMENT: | | | | |
| Advanced (m) | 529 | 641 | 2,087 | 2,087 |
| Sampling results: | | | | |
| Sampled (m) | 152 | 283 | 682 | 682 |
| Channel width (cm) | 45 | 87 | 47 | 47 |
| Av. value: g/t | 19.9 | 15.7 | 19.0 | 19.0 |
| cm/g/t | 894 | 1,049 | 882 | 882 |
| Dividend | | | | |
| On 14 September, 1979 Dividend No. 34 of 28 cents per share was declared payable to members registered at 5 October, 1979. Dividend warrants will be posted on or about 15 November, 1979. | | | | |
| Capital Expenditure | | | | |
| Amounts approved by Board but not spent | R62,000 | — | — | — |
| Ore Reserves | | | | |
| The tons, grade and milling width have been re-estimated at 30 June, 1979 and are shown below with the 1978 estimates in brackets. | | | | |
| | Tons | Grade (grams per ton) | Milling Width (centimetres) | |
| At a gold price of R5,500 | 1,400,000 | 7.3 | 133 | |
| Kimberley Reef | (7,400,000) | (8.3) | (128) | |
| At a gold price of R7,500 | 2,500,000 | 5.7 | 133 | |
| Kimberley Reef | — | — | — | |

KINROSS MINES LIMITED

| Issued Capital R18,000,000 stock in units of R1 each. | | | | |
|---|-------------------------------|------------------------------|-------------------------------------|-------------------------------------|
| | Quarter ended 30th Sept. 1979 | Quarter ended 30th June 1979 | Twelve months ended 30th Sept. 1979 | Twelve months ended 30th Sept. 1978 |
| OPERATING RESULTS: | | | | |
| One Milled (t) | 385,000 | 385,000 | 1,580,000 | 1,580,000 |
| Gold produced—kg. | 2,293 | 2,449 | 9,996 | 9,996 |
| Yield—(g/t) | 5.9 | 6.3 | 6.3 | 6.3 |
| Revenue per ton milled | R50.46 | R44.81 | R44.76 | R44.76 |
| Cost per ton milled | R21.49 | R20.78 | R20.45 | R20.45 |
| Profit per ton milled | R28.97 | R24.03 | R24.31 | R24.31 |
| Working costs | R20,018,000 | R17,739,000 | R70,703,000 | R70,703,000 |
| Working profit | R8,488,000 | R8,206,000 | R32,307,000 | R32,307,000 |
| Net sundry revenue | R11,531,000 | R9,833,000 | R38,386,000 | R38,386,000 |
| PROFIT before taxation and lease consideration | R460,000 | R147,000 | R1,156,000 | R1,156,000 |
| Taxation and lease consideration | R12,071,000 | R9,680,000 | R39,582,000 | R39,582,000 |
| PROFIT after taxation and lease consideration | R8,762,000 | R9,846,000 | R22,890,000 | R22,890,000 |
| Capital expenditure | R5,308,000 | R4,034,000 | R16,882,000 | R16,882,000 |
| Dividend declared | R254,000 | R170,000 | R1,051,000 | R1,051,000 |
| Loan levy (recoverable) | R7,980,000 | — | R13,320,000 | R13,320,000 |
| DEVELOPMENT: | | | | |
| Advanced (m) | 3,047 | 2,826 | 10,887 | 10,887 |
| Sampling results: | | | | |
| Sampled (m) | 973 | 738 | 3,069 | 3,069 |
| Channel width (cm) | 23 | 82 | 49 | 49 |
| Av. value: g/t | 40.6 | 12.6 | 18.7 | 18.7 |
| cm/g/t | 1,184 | 780 | 918 | 918 |
| The above includes development for No. 2 shaft area as follows: | | | | |
| Advanced (m) | 1,940 | 1,468 | 5,551 | 5,551 |
| Sampling results: | | | | |
| Sampled (m) | 685 | 204 | 1,041 | 1,041 |
| Channel width (cm) | 27 | 35 | 30 | 30 |
| Av. value: g/t | 56.3 | 33.3 | 43.2 | 43.2 |
| cm/g/t | 1,520 | 1,164 | 1,445 | 1,445 |
| Dividend | | | | |
| On 14 September, 1979, Dividend No. 23 of 42 cents per unit of stock was declared payable to members registered at 5 October, 1979. Dividend warrants will be posted on or about 15 November, 1979. | | | | |
| Capital Expenditure | | | | |
| Commitments in respect of contracts placed | R149,000 | — | — | — |
| Amounts approved in addition to commitments | R914,000 | — | — | — |
| Ore Reserves | | | | |
| The tons, grade and milling width have been re-estimated at 30 June, 1979 and are shown below with the 1978 estimates in brackets. | | | | |
| | Tons | Grade (grams per ton) | Milling Width (centimetres) | |
| At a gold price of R5,500 | 4,700,000 | 8.2 | 138 | |
| Kimberley Reef | (5,700,000) | (8.3) | (133) | |
| At a gold price of R7,500 | 6,300,000 | 7.4 | 138 | |
| Kimberley Reef | — | — | — | |

LESLIE GOLD MINES LIMITED

| Issued Capital R10,400,000 in shares of 66 cents each. | | | | |
|--|-------------------------------------|------------------------------------|---|---|
| | Quarter ended 30th Sept. 1979 | Quarter ended 30th June 1979 | Twelve months ended 30th Sept. 1979 | Twelve months ended 30th Sept. 1978 |
| OPERATING RESULTS: | | | | |
| One Milled (t) | 260,000 | 256,000 | 1,025,000 | 1,025,000 |
| Gold produced—kg. | 988 | 1,071 | 4,201 | 4,201 |
| Yield—(g/t) | 3.8 | 4.2 | 4.1 | 4.1 |
| Revenue per ton milled | R32.78 | R29.90 | R28.97 | R28.97 |
| Cost per ton milled | R21.02 | R19.28 | R19.03 | R19.03 |
| Profit per ton milled | R11.76 | R10.62 | R9.94 | R9.94 |
| Working revenue | R8,522,000 | R7,624,000 | R29,686,000 | R29,686,000 |
| Working costs | R5,465,000 | R4,916,000 | R19,506,000 | R19,506,000 |
| Working profit | R3,057,000 | R2,708,000 | R10,192,000 | R10,192,000 |
| Net sundry revenue | R324,000 | R30,000 | R588,000 | R588,000 |
| PROFIT before taxation and lease consideration | R3,441,000 | R2,738,000 | R10,780,000 | R10,780,000 |
| Taxation and lease consideration | R1,577,000* | R1,493,000* | R5,886,000 | R5,886,000 |
| PROFIT after taxation and lease consideration | R1,864,000 | R1,245,000 | R5,194,000 | R5,194,000 |
| * Includes a mill tax at formula applicable to some assessed mines. | | | | |
| Capital expenditure—net | R51,000 | — | R34,000 | R34,000 |
| Dividend declared | R2,880,000 | — | R5,120,000 | R5,120,000 |
| Loan levy (recoverable) | R122,000 | R116,000 | R434,000 | R434,000 |
| DEVELOPMENT: | | | | |
| Advanced (m) | 802 | 736 | 3,380 | 3,380 |
| Sampling results: | | | | |
| Sampled (m) | 351 | 362 | 1,487 | 1,487 |
| Channel width (cm) | 19 | 13 | 18 | 18 |
| Av. value: g/t | 20.9 | 25.4 | 20.4 | 20.4 |
| cm/g/t | 398 | 330 | 367 | 367 |
| Dividend | | | | |
| On 14 September, 1979 Dividend No. 30 of 18 cents per share was declared payable to members registered at 5 October, 1979. Dividend warrants will be posted on or about 15 November, 1979. | | | | |
| Capital Expenditure | | | | |
| Commitments in respect of contracts placed | | | | |
| Amounts approved by Board but not spent | | | | |
| Ore Reserves | | | | |
| The tons, grade and milling width have been re-estimated at 30 June, 1979 and are shown below with the 1978 estimates in brackets. | | | | |
| | Tons | Grade (grams per ton) | Milling Width (centimetres) | |
| At a gold price of R5,500 | 1,600,000 | 5.8 | 127 | |
| Kimberley Reef | (1,600,000) | (6.2) | (124) | |
| At a gold price of R7,500 | 3,200,000 | 5.8 | 127 | |
| Kimberley Reef | (3,200,000) | (6.2) | (124) | |

ADVERTISING AND ...

Companies spend too much time and money on new products when there are plenty of ...

New profits from old products

BY PETER KRAUSHAR

NEW PRODUCTS are always the rage; companies spend much time and money on them in the hope that they will be able to find suitable profitable opportunities additional to their current business. Yet how many companies take "old product development" really seriously? It is almost a cliché that the best opportunities are those where a company is able to find an edge over the competition because of an inherent strength that others do not have. Let a company examine its resources not in terms of new products but in relation to its major established product or service. Its organisation is particularly well suited to handle it; it probably knows its market far better than anyone else, having been in it for years; it is unlikely that any other company can rival it in terms of R and D or production on the product it has developed and produced over the years? Again there must be competitive strengths in the trade franchise, the distribution know-how, the merchandising at the point of sale. It is obvious that a company knows (or should know) more about its products or services than anyone else and so has tremendous competitive advantages in developing or redeveloping them. It is also clear that in practice most companies make

the bulk of their money from the established products—the Bovril, Bistos, Oxo, Persils, Brasso, Dettol, Colmans of this world—which provide the funds for the new product development and diversification activities.

The subject of "old product development" has never been treated with as much attention as new product development, so the Old Product Development Seminar organised recently by Company Communications Centre was particularly interesting. It consisted of a number of case histories which covered many different aspects of the subject.

The recent story of wool, as promoted in the UK by the International Wool Secretariat, was of a product whose share had been declining and which had an old-fashioned consumer image in comparison with synthetic fibres with their significant price advantages.

The IWS and their agency, Davidson Pearce, decided to try to reverse the trend with single-minded concentration on the positive emotional qualities of wool to promote the end products as well as wool itself in the context of the woolmark. Over the last five years the advertising has been centred on the use of sheep, despite their very unlovable image for the

Australian farmers: sheep in the press, sheep on TV, sheep on point of sale material, sheep being shown walking down London streets accompanying well-dressed men and women in their woollen clothes—they have provided a distinctive approach which only wool could have used and there has been complete consistency of both content and advertising weight for five years. The approach has paid off, being undoubtedly helped by the general worldwide trend towards natural fibres; wool has regained share in its various sectors and is still gaining.

Another example of an attempt to reverse a falling trend consisted of Reckitt's relaunch of the Supersoft hair care range. The brand had been losing share for some years in a very competitive market, so a two-year project took place including the company's marketing and market research departments, the laboratory, the advertising agency and a pack design agency. Distinctiveness was the main aim of the exercise and this was achieved particularly by means of a distinctive packaging form as well as by surface design linking the whole range. It is too early to be sure of the success of the relaunch, but the initial results have been promising.



The Bisto Kids in 1919—left—and in 1976 when they returned most successfully after being dropped for 15 years

Old product development covers sustaining established brands over the long term and both Bisto and Persil are excellent examples of this. RHM's Bisto is now almost 70 years old and its sales continue to rise, being currently three times the volume of the 1940s and twice that of the 1950s. The product

consisting only of salt, starch and caramel has never changed neither has the claim "Browns, Seasons and Thickens" which is in fact the basis for the name. It has been advertised consistently over the years and the Bisto Kids were strongly related to it from the beginning, in an effort to give character

and interest to a fairly dull product; they were dropped for fifteen years, but returned most successfully in 1976.

Attempts to broaden the Bisto brand were resisted until 1976 when Onion Bisto was launched and this year Bisto Rich Gravy Granules have gone into national distribution after many

years' careful test marketing. Whether this is old or new product or brand development hardly matters. What is fascinating is that Bisto has 70 per cent of a £20m market and despite many attempts has no direct national competitor because 70 years' consistent branding has made it difficult for a second major brand to enter the market.

Persil is a younger brand, having been brand leader in washing powders for only 30 years except one period in 1968. P and G attacked Persil again and again: in 1950 they launched Tide, a detergent expected to make soap powders obsolete, as has happened in all other countries except the UK: Persil continued to prosper so in 1958 P and G launched a directly competitive product, Fairy Snow, but it took share from other soap powders rather than Persil. In 1967 P and G launched Ariel the biological powder and this did affect Persil and Levers for some time, especially as Radiant, Levers' answer to Ariel proved disappointing. All these years Levers had been reacting to P and G's initiatives and, though Persil had surprising staying power, in 1969 its share had fallen to a low of 20 per cent. It was then that Levers stopped reacting and started taking the initiative; the growing number of automatic washing machines in the UK led to the need for a new specially formulated product, so Levers launched Persil Automatic taking advantage of the Persil branding. In 1972 Persil and Persil Automatic had in total 24 per cent of the market. By 1976 this had grown to 31 per cent and further gains were seen in 1977 and 1978—32 per cent and 35 per cent respectively. This long term success was again largely due to consistency of approach; the product has been promoted since the 1950s as the good performance product

which provides housewives with certain emotional rewards; the product has been consistently improved but the message has remained broadly the same, the advertising and the pack design being modified just to adapt to the changing perceptions of mothers.

The story of Smith's Crisps also has a number of lessons. The brand grew enormously since Frank Smith started it in 1920, but there have been some setbacks in recent years including Golden Wonder's entry into the market, especially into grocery distribution. In 1968, aggressive competition also from KP and Walkers, some failings in product quality and lack of consistent marketing support above the line. In the last few years the brand has been revitalised; product quality has been improved; added value has been generated through exclusive flavours, e.g. Bovril crisps, through packaging, e.g. multi-packs and family packs, regional varieties e.g. tomato flavour crisps in Scotland only, innovation e.g. Salt'n Shake which is interestingly unique in having the blue salt bag which had gone out of crisps in the 1960s. Most importantly Smith's Crisps are being relunched as a strongly advertised line, now new advertising on the "Smith's" theme which has been tested successfully in Harlech and Southern.

The main lesson from all these case histories may be obvious, but it is nonetheless valuable, as it is rarely practised; the brands that enjoy long term success usually win through consistency—consistent product quality, consistent branding, appeal, consistent advertising weight; the temptation to have change for change's sake must be firmly resisted.

Peter Kraushar is chairman of Kraushar Andrews and Easie.

British Rail angers Standards Authority

NOT MANY advertisements arouse enough anger in the public to make them complain to the Advertising Standards Authority, but the ads, from British Rail, promoting the Family Railcard, produced twenty letters of outrage in August alone. Virtually everything was wrong with it, and the ASA upheld three of the specific complaints. In future British Rail is to confer with CAP/ASA at an early stage to avoid misleading details, or rather the omission of facts which make all the difference to the offer.

Another criticism was of Bassett's Liqueur Allsorts "Win £12 a week for life" competition. New judging criteria were

added after the replies had arrived and details of winning entries were withheld. The It. G. Wells Society was up in arms because the film "The Shape of Things to Come" took advantage of Wells's name, even though the actual production bore no direct relationship to his book.

Perhaps of more importance to advertisers and agencies was the upholding of a complaint disputing the claim that experience proved that an automatic transmission gear box was less likely to go wrong than a manual system. Although Bore-Warner produced the results of a sample survey of 2,372 Swedish cars to support its claim the ASA did not regard it as an adequate substantiation.

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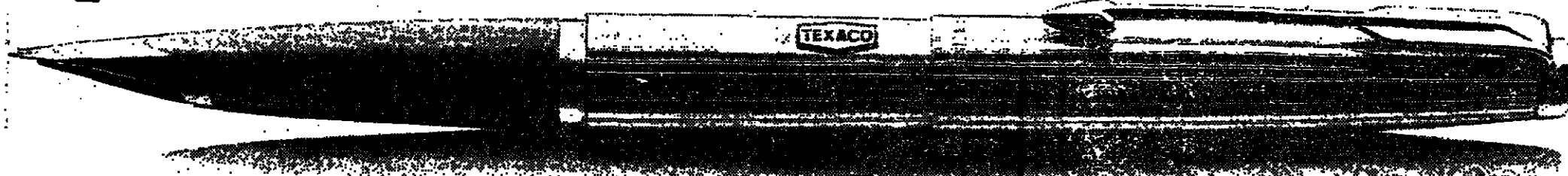
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But Parker pens are elegant to look at, well-made and prestigious. And what's more, they last.

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Or post this coupon to Business Gifts Division, Dept. FT0007, The Parker Pen Co. Ltd, Newhaven, East Sussex BN9 0AU.

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مكتبات الصحف

Counting the cost

BY ANTONY THORNCROFT

IF THE television strike ends in the near future it will have ended just in time for the advertising agencies to salvage a morsel of profit from 1979. As it is the dispute has turned what looked like being another very good year for most agencies into one in which the much depended upon Christmas bonus will disappear for some while others will just manage to survive.

For the financial problems will not stop the day Crossroads returns—there will still be some weeks before the cash starts to flow in normally again. However, long suffering suppliers, who have resignedly been waiting for payment from the hard pressed agencies, will presumably be prepared to hold on a little longer for their money and understanding banks should now allow the overdrafts to climb higher.

The statistics of the dispute are frightening. David Wheeler of the IPA has surveyed the 30 largest agencies and he reckons the loss in TV billings at £60m. Of this sum only £15m has gone into other media while around £25m should manage to find its way back on to television in time. Advertising lost never to return is put at £20m. But this £40m gone, or currently in limbo, represents £7m in income which agencies have not received, and with costs, mainly salaries, fixed, the short-term deficits have been substantial, and will stay so, at least until early next year.

If the financial loss is not in dispute the agencies are more divided on whether the strike will have any permanent impact. There is also uncertainty about what will happen to ITV ratings once the companies are back broadcasting. Some agencies believe it will be some time before ratings suggest a decent audience again. While others, such as Mike Townsend at Young and Rubicam, are confident that the ratings will be back to normal within a week or so. He bases this forecast on boredom with BBC, the good programmes ITV should have in its locker, and the experience of Granada in 1970 when, after a four-week break, the audience returned at once.

There is less argument about the cost of advertising during the rest of the year. As Charles Saatchi (who is more circum-



Charles Saatchi—advertisers will be fighting for an audience which may not be there

spect about the ratings) says "the sad thing is that advertisers will be fighting for an audience which may not be there." The best bet is that the flood of money, chasing a fixed amount of time, will make most decent spots only available at the top rate and this will push up costs for the advertiser by around 30 per cent. In addition rate increases of up to 30 per cent could make TV advertising pre-Christmas half as expensive again as a year ago. This will not deter many agencies or their clients. "TV is the most effective medium for so many products," says Saatchi. However, there is a possibility that some of the advertising which cannot be got away before the end of the year will not be held over into 1980. Those companies with a financial year ending on December 31 may well save some of the uncommitted advertising budget and use it to cheer up their profits.

Although the strike looks as

if it might end just in time—November last year produced a record revenue of £38.7m and a new high will certainly be set next month—there is a belief in some agencies that things will not return to normal, at least below the surface. "Agencies should learn of the danger in putting all their eggs in one basket. I think the strike has done a great deal for radio and

the national Press," says Mike English of Ted Bates. This view is supported by Mike Johnson of Masius. "Sensible people will say we must start thinking afresh about the way we can intelligently use newspapers. Once you have an upset like this it has a nasty way of repeating itself." Johnson thinks that many advertisers, using newspapers for the first time in years, have been surprised at the improvement in the quality of the advertisements and in the technique now used by the Press. His agency might well spend more in the medium.

One other change may be in the way advertisers pay their agencies. In the main, clients have rallied around: it was not in their interest to let their agencies go out of business. But the minimum fee system, which has been growing rapidly in recent years anyway, should get a fillip: agencies relying on at least some income have been in a better shape than those dependent on commission from advertising placed. Another area that will be considered is the relationship between the TV companies and both advertisers and agencies, who were appalled at the handling of the dispute, especially in its early stages. Eventually the TV companies responded to the complaints of agencies and tried to keep them better informed and to agree to delaying some of the debts owed them.

In the main, things will probably return quickly to normal but with agencies and advertisers complaining about the higher costs and worrying how they can accumulate a decent profit before the anticipated downturn in the business starts in earnest in 1980.

First for Grandfield

GRANDFIELD, Rork, Collins, the heavyweight new agency led by Nigel Grandfield, ex-chairman of McCann Erickson and two other alumni of that agency, has picked up its first account, the substantial Spar advertising, worth £1m plus. Spar was with Harrison McCann, which was among the agencies pitching.

GRC has acquired premises at 20, Greek Street, and is talking to more prospective clients. It aims to offer big time experience to clients who want a small to medium-sized agency. At the moment it employs seven personnel, but is growing fast. Saatchi & Saatchi has gained the United Biscuits advertising which was formerly with Masius. That agency had to resign the account because of conflicts with Mars, one of the biggest international clients. The choice of Saatchi is no surprise since the agency already handled for UB brands with an annual advertising spend of £2.5m. The new business brings in another £2.5m, including McVities' Digestive and Chocolate. Homewheat, the two best selling lines in the UK.

DMK, the co-ordinating organisation for the West German dairy industry with interests in the UK, has signed up footballer Kevin Keegan for a flat "five-figure" fee. Keegan will become a roving DMK ambassador in Europe for the two-year contract.

Non-working housewives may still find shopping a pleasant diversion but working housewives dislike it—and that's about half of all women in the UK.

UK—according to the latest Harris International Shopping and Promotion Intelligence report. The findings are based on a series of shopper group discussions. It is interesting to note that all the socio-economic groups would like some form of delivery from their supermarkets and they are totally confused by price-off flash packs.

Forecasting a total market of £30m next year, Golden Wonder's Pot Noodle is now in national distribution and is claimed to have a 70 per cent share. Competitor Knorr Noodle is now in five major areas and CPC (UK) plans to spend £800,000 next year on TV. Everett's now acts for Capriol and the U.S. firm Penn-beauty Inc. Bailey's Irish Cream pre-Christmas budget of £550,000 has been reallocated into the national Press and (colour pages) magazines. Agent: Young and Rubicam.

Pioneer High Fidelity (GB) is spending £750,000 on its latest campaign. Agent: Grey Advertising. Spong is launching a new houseware range, designed by Conran Associates, called 1856—the date of the firm's foundation.

The object of the latest—£250,000—press campaign for Complian is to extend its image from the traditional "serious illness and old people" profile. Double-page spreads in women's magazines show typical family illness situations. Agent: Colman and Partners.

The five-day World Congress of the International Advertising Association will begin on May 19 in Durban, South Africa, next year. Speakers include Dr. Anton Rupert, Mr. Harry Oppenheimer and Ann Burdus and Barry Day of McCann.

In another move from TV to Press Bowyers is mounting a coupon operation and using local radio for its move into Lancashire.

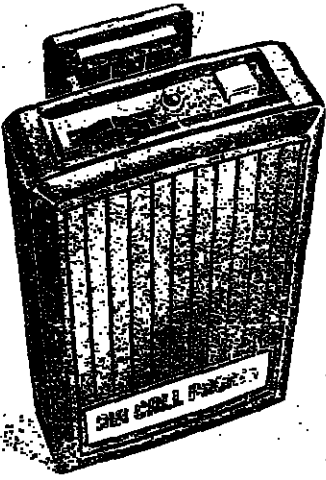
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Ring FREEPHONE 2323 via operator to contact your local control centre.



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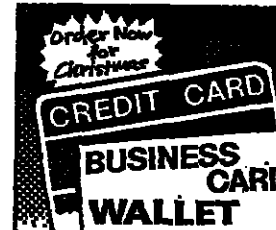
AGB/Index shows 25% of Southerners have credit cards against 17% nationally.

Southerners are way ahead of their national counterparts on almost every consumer buying count. Including the way they pay for things. 25% of Southerners have credit cards against 17% nationally—and to prove their spending power AGB/Index show that 9% of Southern adults use their credit cards every month as against a national figure of 6%.

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We don't believe in passing the buck. So when our Gold Band truck collects your package, it becomes our responsibility. And you can sit down, cool off and relax. Because when we say our nationwide service will deliver the very next working day, we mean it. In fact, we're so confident we give you a money back guarantee.

That means if your goods arrive late, you get your money back. And if we're so careless as to damage them, you'll be entitled to up to £3,000 per tonne insurance.

As a package, that's an extremely reassuring compensation deal. So you can take it easy, knowing we're going to be very, very careful.

If that sounds a pretty persuasive argument for using Gold Band, you're beginning to agree with some of the most discerning companies around—Pex Socks, Asda and English Grains Ltd. are just three of the firms who trust their deliveries to us.

Of course, if you aren't in such a hurry or if your package is heavier than the 50 kilo Gold Band limit, the Atlas Express Standard Service is also available.

But the next time you break into a cold sweat over a rush delivery job, you'll know what to do.

Simply pass the goods and the buck to us. The goods will be there the next day—the buck you'll never see again.

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THE ARTS

Christian fiesta
at Norwich

by WILFRID MELLERS

One of the admirable features of the Norwich Triennial Festival is the extent to which it makes use of local talents and resources. This year some one had the notion of commissioning from John Paynter a music-theatre piece for performance in the cathedral by the city's and districts assembled schools: an idea brilliant because Paynter is not only a distinguished composer but also celebrated for his imaginative, indeed inspirational, work with school children of all ages. Responding to the commission he and his wife Elizabeth have come up with a project characteristically apposite and stimulating: a recounting in eight choreographed "stations" of the legend of the sixth-century Celtic monk, St. Brendan, who, with a small band of followers, embarked in a frail leather boat on the turbulent North Atlantic, seeking a paradise of the blessed. The tale excites with tempests, terrors and magical marvels, yet as an allegory of a perennial human pilgrimage is relevant to us today, and has direct links with a modern adventure story, since in 1976-77 Tim Severin relived Brendan's hazardous voyage, and wrote about it a book enthralling to young and old alike.

The part of Brendan is designed for a professional singer; all the other characters—monks, peasants, birds and animals both factual and fabulous—were sung, played, danced and mimed by children from Norwich and Norfolk schools with the Norwich Students' Orchestra, co-ordinated by Emyr Evans.

With well over 400 performers the sheer mechanics of rehearsal and collaboration must have been a dauntingly complex; that

the piece succeeds is a tribute to all concerned and to John Paynter, the initial creator, especially.

The considerable quantity of music he has composed for young people does not, perhaps, manifest the distinctive originality of his remarkable "adult" choral works, with their airy textures and Hopkinsonian spry rhythms. But if his children's music is patently rooted in English tradition, springing from Vaughan Williams and Holst with tinges of real plainchant organum and medieval polyphony and heterophony, that "limitation" is attributable to the composer's sense and sensibility, for the music is always negotiable by, and therefore pleasurable to, the young. Of this piece, *The Voyage of St. Brendan*, one need say no more than that it invites comparison—not merely in incidental details but in its conception as a struggle between good and evil forces, ending in hymnic glory—with a work of supreme genius, Britten's *Noye's Fludde*, and never wits.

Paynter too has an uncanny knack of creating unison tunes that click in the memory yet acquire, within their simplicities, a pristine freshness from a tiny chromatic alteration or rhythmic syncopation; he too invents magical sonorities (the bell-tinkling and recorder-tinkling birds, the percussive bubbling for the bellish smiths) that achieve maximum impact with minimally empirical means; and he too cumulatively builds such child-like "moments" towards humanly mature resolution. In total effect the work is thus not merely childish, but rather a parable of human hopes and fears. The hymn of grati-

tude the voyagers sing after they've escaped the Island of Smith sounds traditionally and hieratically modal, yet also unique. Without quibble, I'd call it inspired, for it makes god's and good's victory palpable.

Raimund Herfex in the long and arduous role of Brendan, looked as magnificent as he sounded; the young and very young sang and danced as angelically (or demonically) as they looked; the orchestra played with conviction, though they'd have benefited from a larger body of strings; Bernard Keefe marshalled his multi-farious forces with enthusiasm, skill and discretion in appropriate proportions, carrying off with aplomb the occasional unintentional canon. And the music was superbly "presented" in theatrical terms. Hubert Mitchell's production being endlessly resourceful. Norman Manners' designs and costumes continuously enlivening. The sublimely beautiful cathedral blazed with colour and movement, tingled with sound, as it must have done in the aural and visual rituals of the Middle Ages; and it's not altogether extravagant to say that this event went some way towards re-establishing a cathedral church as a centre of the community. Certainly when, at the end, all the vast forces and the audience-congregation joined in Wesley's hymn *Forth in Thy name, O Lord I go*, sung to a noble tune of Orlando Gibbons, gravely harmonised and resonantly scored, scalp prickled and tears welled into the eyes. The organisers of the Festival, the people of Norwich, the general public, and even God himself could hardly ask for more.



David Bamber and Jean Boht

Leonard Burt

Bush

Wednesday by MICHAEL COVENEY

A retarded 15-year-old boy, traumatised by the death of his friend 10 years ago, slobbers around the stage in school uniform grey. His mother pampers and disciplines him as best she can, his sullen sister plays a game of random dates from history to which David supplies the day's name. Always, apparently, correctly, David pulls his mother's wig off. Her hair is grey and thinly matted. The house is to have its first visitor for 10 years. He will be the man who saved David while falling to save his own son from drowning. Gareth was David's best friend.

This harrowing but very funny new play by Julia Kearsley—who has, hitherto, written only radio drama—is, you might say, the fringe's answer to Peter Nichols. Nichols once made urgent comedy out of the plight

of a young paraplegic. Miss Kearsley is no less successful in dealing with David, for she illuminates a terrible problem without the slightest trace of prissiness or phoney tact. David's physical plight, in fact, becomes an essential element in the play's rhythm, violating the onstage decorum as he pulverises the visitor in search of the alabaster egg that serves as a comfort, or gibbers like a two-year-old in echo of the last phrase he latched on to. A newcomer, David Bamber, is quite superb in the role: lumpy, morose and disarmingly critical of gaze. His fits, almost epileptic in their intensity, are both frightening and pitiful, but never does Miss Kearsley's script descend into mawkishness. She obviously knows what she is writing about.

Dusty Hughes's excellent pro-

duction has fine performances, too, from Gil Bralley as the aggressive sister and from David Hargreaves and Jean Boht as the adult participants in grief.

'Der Rosenkavalier' performances cancelled

Covent Garden has announced that due to industrial reasons the performances of *Der Rosenkavalier* scheduled for October 27 and 31, and November 3, 6, 9, 12 and 15 have been cancelled.

Patrons who have booked for any of these performances will receive a full refund in person or by post on application to the Box Office at the Royal Opera House, PO Box 6, London WC2E 7QA.

Stratford, Ontario—1

Lear with the Ustinov touch

by FRANK LIPSUS

There is a slightly awkward moment when the Fool appears for the first time in *King Lear*, in the season's final opening at the Stratford Festival, Ontario. Robin Phillips's direction makes the Fool a sad, wizened old figure, the alter-ego of a Lear who appreciates him now more for his dutifulness than his wit. The role is well suited to such a treatment, and William Hunt, a long-time Stratford veteran (who played Lear in the company's 1972 production), carries it off exceedingly well. There are depths of dignity he plumbs in the part.

But when the Fool enters he needs his coxcomb to offer Kent. This Fool is given more to top hats than jokers' caps with bells on the end. He makes a gesture to offer some item suspended from his belt. It looks like a muffler, but whatever it is, it is not the traditional knave's head-gear, which would certainly not fit the role this Fool is to play. The awkwardness passes in a moment: it is notable for being an exception in what is otherwise a wholly untraditional *Lear*, but one that fulfils the expectations of the traditional reading—and then some.

The production owes its originality and power to Peter Ustinov as Lear. It is he who defines the Fool as companion by laughing a little too hard at his jokes and extending his arm so he and the Fool can support each other.

Such small gestures of consideration also serve as expressions of need. In no way does Ustinov hide Lear's growing madness and isolation. In fact, recognizing his own frailty becomes one of his enduring strengths. The division of his realm in the first scene is less the folly of a headstrong old man than plain weariness, done with an after-supper's cigar and chat, sleepily succumbing to the urge to be done with too many burdens.

In the first and last scenes, military uniforms define the era as mid-nineteenth century Europe, but through most of the play, less formal breeches and tail coats could just as easily be the frontiers of North America. For a moment Peter Ustinov is his recontemplative self, with a gleam in his eye and a certain distance from his listeners and his world. He sports playfully with the Fool and Kent, allowing the Fool's criticism to spark laughter among the whole retinue. Lear sits on a rough wooden bench for Kent to remove his boot.

In this setting, Lear's retinue

has the look of frontiers woodsmen, gathered periodically to exchange stories and fashion some rough-hewn society out of the wilderness. Here, Lear shines. He is not a man losing his strength, but gaining it. Having shed his role, he resumes his life as he would lead it, the man who achieved greatness and longs now to recapture the less encumbered primitiveness of his youth.

This longing has its element of senility: the Ustinov Lear adds nuances even to the weakness of old age by seeing in it a comfort and refuge from events that hardly bear endurance. When Goneril comes to tell him to have his retinue, Lear at first attempts to maintain the air of bonhomie, telling her, "You are too much of late in the frown." When she turns on him, he withdraws. It becomes a characteristic reaction. At times Lear drifts off and his senility is debilitating,

but he can also withdraw behind it to avoid knowing what he does not want to know. He is not granite cracking under the strain of age and adversity: he is more like the tide that obeys its lunar cycles and retreats from what it cannot roll over. The daughters show the strength Lear no longer commands. Donna Goodhand as Goneril and Marti Maraden as Regan appear as prim Victorian women, their hair demurely set in a bun, their faces sullen. They seem perfectly capable of callous inhumanity: their orderly world

manages to appear fundamentally unnatural. The strong contrast between Lear's natural disorderliness and the women's polar opposite is deftly carried out in the sets by Daphne Dare. Austere, oak-paneled walls serve equally well for a Victorian drawing room and a timber fortress. Goneril and Regan take on the pale regimented look of their drawing-room surroundings, while Lear's rough exteriors invigorate the old man as he heartily accepts the changes nature demands of him.

Richard Monette as Edmund seems hardly capable of inspir-

ing the love of the two women, partly because of their coldness and partly because of his own enthusiastic ambition. He would rather bridle a horse, it appears, than woo a woman. But he does have the assertiveness that Frank Maraden as Albany appropriately lacks, and William Webster as Cornwall shows himself to be a nasty bit of work, especially when he blinds Gloucester, whom Douglas Rain plays as a gentle, misguided, ingenious reflection of Lear. Rodger Barton as Edgar shares his father's gentleness and, like Jim McQueen's Kent, becomes a guide and companion for sheer open affection for his master.

Peter Ustinov, as the first international star to appear this season at Stratford, received a high dose of attention in the Press, to which he responded in a characteristic, good-humored, particularly happy to have had nearly seven weeks' rehearsal before the opening of *Lear*, he was able to fulfil a 40-year ambition with unburied but intense care. He had long found *Lear* more satisfying to read than watch. As an actor, he felt this was one play to which he had a contribution to make, and not, as he called it "people's expectations that I do a talk-show version of *Lear*."

In discussing *Lear*, Ustinov is particularly attentive to the effects of ageing. He notes that "having seen young people, one is terribly conscious of their sense of social obligation. They're being terribly tactful, making light of their condition to make other people less uncomfortable." At another point he says: "The terrible thing about senility is that it's not consistent. One can break out into lucidity, but then just run out of steam." His 1950 play, which was produced as *The Moment of Truth*, was originally entitled *King Lear's Photograph*. It dealt with Petain's senility, showing an early interest in the subject, which could only have enhanced an analogy for the part from another source. "I've got three daughters, which is a more thorough rehearsal for the part than anything Stanislavsky ever suggested."



Ingrid Blekys, Peter Ustinov, Frank Maraden and Donna Goodhand

Elizabeth Hall

Michel Béroff by ANDREW CLEMENTS

For the solo instrumental components of the Stravinsky Festival, David Atherton has drafted in many illustrious names, sometimes for relatively minor contributions. The solo piano works constitute a substantial corpus, however. Goneril are the days when all of Stravinsky's original keyboard compositions would fit on to a single LP record with room to spare: now there are enough for a full programme with pieces left over — *Les Cinq Doigts* and *Piano-Rag-Music* are placed in a later festival concert. Much of the added bulk is furnished by the piano sonata in F sharp minor from 1903-04, unearthed in the Leningrad State Public Library and first published six years ago.

Michel Béroff chose to begin his recital on Tuesday evening with this early sonata. Perhaps it was an effort to get the dutiful portion of his programme out of the way before moving on to more authentic Stravinsky: there really is nothing in the sonata to suggest even a nascent composer of genius, little but unvaried sequences and unadulterated Chaikovskian. Two trivias, a pocket march *Sourcil d'une Marche Boche* of 1915 and *Valse pour les Enfants* of 1922 then followed—intermittently witty epigrams both receiving their first performances in this country and both unlikely to be heard again here, until the celebrations for Stravinsky's bicentenary.

In the F sharp minor sonata Mr. Béroff had already sug-

gested that he was not in his most happy form. Too much of his playing was pitched at an unremitting mezzo forte, there was an unhealthy scattering of wrong notes and little attempt at keyboard colour. Regrettably he did not improve in the more substantial part of his programme—the *Serenade* in A, piano sonata of 1924 and the three movements of *Petrushka*. There is much in Mr. Béroff's keyboard manner that should make him an ideal Stravinsky pianist—incisive, clearly articulated rhythms, limpid contrapuntal lines and a respectable dynamic range, all of them coupled with a highly efficient technique. One can only report that these qualities were only rarely apparent on Tuesday evening.

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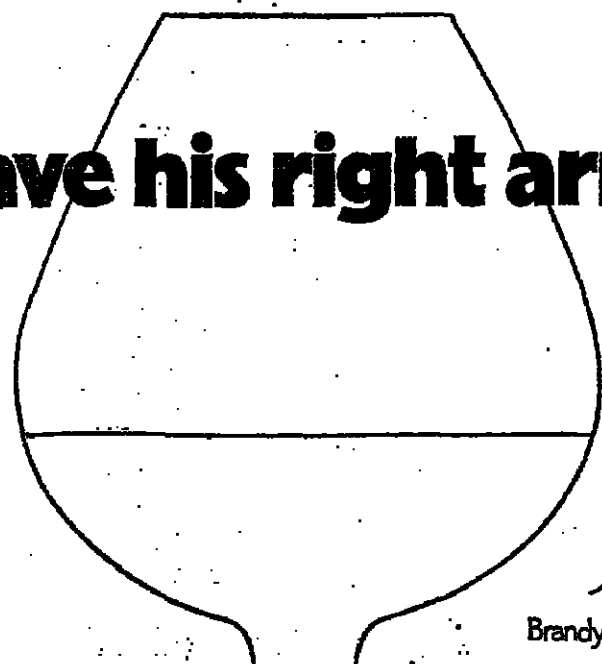
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

RESEARCH Measures laser light quickly

WAVELENGTH of light from a tunable laser can be varied quickly and simply, by rotating a dial. Until now, however, users of tunable lasers have had no correspondingly simple way of determining the wavelength to which they had set the dial. The complex system of mechanical and electronic instruments needed for high-accuracy measurement is bigger and more cumbersome to use than the laser itself.

Now scientists at IBM's San Jose Research Laboratory have developed a new unit for measuring the wavelengths of laser light that combines high accuracy with compactness.

Tunable dye lasers are sources of variable-colour coherent light. They were invented by IBM researchers in 1966.

The wavelength meter can be packaged within a portable container about one foot long by 4 inches square. It measures wavelengths to an accuracy of one part in ten million.

This is equivalent to measuring the distance from one crest of a light wave to the next with a "ruler" that divides the distance into ten million intervals such that repeated measurements will always fall within the same interval, plus or minus one interval.

Wavelengths of visible light are quite small—about 5,000 angstroms (1/50,000 of an inch) in green light, for example. Intervals on the measurement scale would be less than one thousandth of an angstrom wide.

Ability to measure wavelengths quickly with a scale as fine as this can have an important effect on certain scientific studies, such as those aimed at understanding the arrangement of electrons in atoms. For example, laser beams that differ by only one thousandth of an angstrom can induce different phenomena in atoms.

The instrument using the new technique, like the Michelson interferometer, measures wavelengths by determining the ratio

of interference counts from a standard beam and an unknown beam. In its case, however, beams from the two lasers are bounced back and forth about 200 times between two spherical mirrors, one stationary and one moveable.

Repeated bouncing of each beam makes it appear that many individual beams are aligned with each other inside the cavity formed by the mirrors. This produces strong interference among the beams, making the width of the interference fringes very narrow compared to the wavelength of the light being measured. The pulse widths of these Fabry-Perot-type interferometers are only about a hundredth of a wavelength, in contrast to those of the Michelson-type interferometers, which are not at all sharp, being nearly half a wavelength wide.

PROCESSING Weighers to cope with tanks

LOAD-CELL TANK weighers suitable for regular and irregular horizontal and vertical tanks or silos are made in capacities from two to 370 tonnes.

All can be equipped with optional electronic extras to provide signals for computer processing or metering, for control of preset weights, for data recording, and for operating remote weight displays. Push-button and preset timing facilities, intrinsic safety features and weight surge suppression circuitry can also be incorporated.

Each system is engineered from standard Avery load-cell and electronic digitising modules. The number of load-cell units will depend upon the application. Generally, the tank will be mounted on between one and four load units, in combination with non-weighing pivot units when appropriate.

Cells are connected to a wall or desk-mounted digitiser, which provides a four-digit display in minor increments of one, two or five units of weight (for example, 0.01, 0.02 or 0.05 tonnes). The digitiser which has a quick-action zero-balance device, provides either 1,000 or 1,250 digital increments as standard. On demand, up to 2,500 increments and displays reading in kg can be supplied.

W. and T. Avery, Smethwick, Warley, West Midlands, B66 2LP. 021-553 1112.

SAFETY

Protecting engines when gas escapes

ONLY IN recent years has it become generally appreciated that the diesel engine can become a fire risk in gaseous atmospheres. Classic example was the ICI Wilton disaster in which cyclohexane was ingested by an engine resulting in speed run-away, disintegration of the engine and ignition of the surrounding gas cloud, causing many millions of pounds of damage.

Hot surfaces and electric spark generation can be just as hazardous.

The Pyroban system, now a product of a company of the same name backed by NRD, was the outcome and the initial approach was to flame-proof the whole engine, a somewhat costly procedure involving cooled manifolds, spark arrestors and a control system that required exhaust gas temperature and engine speed measurement.

Where engines have to continue running safely within hazardous atmospheres, flame proofing systems such as the Autolec 450 from Pyroban will continue to be used.

But for lower risk circumstances (a relatively small likelihood of gas being present), the company has recently taken a different approach.

This system, called AS 1000, detects the presence of gas near the engine by means of a modern platinum catalytic (Pellistor) sensor and uses the resulting signal to shut down the engine and initiate drenching with carbon dioxide via the air intake. Such a system is about one third the cost of a flame proof approach, which has to be specific to each engine design.

It is equally applicable to electric and gas powered prime movers.

In an increasing number of industrial situations a gas hazard can arise for example from an accidental escape of a flammable vapour from petrochemical plant or from solvent spillage in a factory. In these cases AS 1000 offers a cost effective solution. It is quick and easy to install and can be fitted to fork lift trucks for example which are already in use.

At the heart of the equipment is the gas detector, made by Neotronics, which is powered from a battery pack kept charged from a mains charger. Gas detection produces a flashing red light, 90 dB audio signal, engine shut down, and the actuation of Metron miniature explosive actuators to open the gas bottle valves. Actuation point can be set between five

and 100 per cent lower explosive limit.

The system is intrinsically safe. It is designed to comply with BS5501 Part 7 and is at the moment being examined by BASEEFA.

There are five separate components—detector, electronics, sensing head, battery pack, charger and the gas cylinders. Assuming two 5 kg gas cylinders, the total weight is about 21 kg.

Dolphin Road, Shoreham by Sea, Sussex BN4 6PB (07817 61287).

GEOFFREY CHARLISH

Bottles have tough skins

DROP TESTS with the Safe-Break bottle have shown that its plastic coating effectively contains both shattered glass and liquid. The coating is highly tear-resistant, so in the unlikely event of its splitting at the point of impact, spillage is minimal, typically a few millilitres.

Exhaustive trials have shown that this bottle's adherent plastic coating will withstand sulphuric, fuming nitric, hydrochloric and perchloric acids and its tear strength means that even if a shattered bottle is not discovered for some time (for example overnight or over a weekend) the coating remains unaffected by the acid or solvent and hence minimises damage to floor and fittings and also any fire hazard.

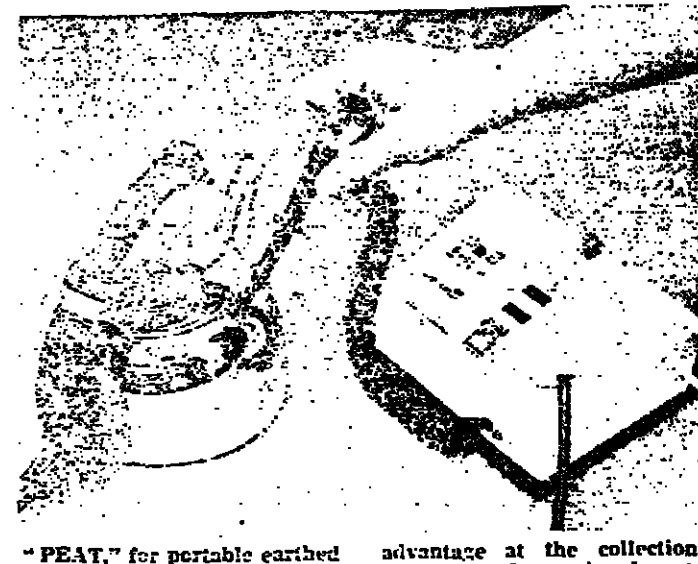
Hopkin and Williams is supplying strong acids in all pack sizes of Safe-Break.

Hopkin and Williams (Baird and Tatlock), PO Box 1, Romford, RM1 1HA. 01-590 7700.

Cuts down oxides of nitrogen

COMBUSTION AND chemical engineer, John Thurley of Harrogate, is marketing the Maxon "Lo-Nox" line burner, developed in response to demand from the food processing industries, including brewers and malsters.

It provides direct gas-fired process air-heating, with greatly reduced generation of oxides of nitrogen and has been field-



"PEAT," for portable earthed appliance tester, will verify the safe condition of all earthed appliances such as hand tools, portable heaters, floor polishers and washing machines. It will be invaluable in large establishments where there are a large number of portable appliances in use and it can be used effectively by both technical and non-technical staff. PEAT can also be employed to

advantage at the collection counters of repair departments so that customers can witness a final safety check as they collect their appliances after repair. This quick and simple to use instrument gives audible and visual indication of the condition of an appliance and is both self-checking and fail-safe. Electrotest (Eufour Beatty Group), 7 Mayday Road, Thornton Heath, Surrey CR1 7XA. 01-684 6922.

tested over three years at approximately less than 1 ppm of such oxides.

This successful test was on three full-size "Lo-Nox" burners on melt-drying production units.

Existing nozzle-mix, row gas, or partial-premix burner systems can be readily converted to the new design while for new installations, the company can supply either the burner or packaged process heaters complete with combustion safeguard and temperature controls.

John Thurley, Ripon Road, Harrogate, HG1 2BU. North Yorkshire 0423 61511

ENVIRONMENT

Sand filtration method

PROBLEMS usually associated with filtration systems, such as the high cost and unpredictability of rotary microstraining, plus the time consuming nature of stop/start batch filtering, are said to have been eliminated with the Tenton process introduced by Simon-Hartley, Stoke-on-Trent, Staffs (0782 29341).

Instead of several separate filters being necessary to meet the requirements of large flows, Tenton cells can now be combined into two, three, four, six or eight-cell units to produce the required throughput. Individual cells can be closed down during operations without interrupting the filtration process in the other cells.

Like its predecessor, this rectangular modular Tenton removes low concentrations of suspended solids in large volumes of water—for example, concentrations of 30 to 50 milligrams per litre of suspended

solids can be reduced to less than 10 milligrams.

Continuous Tenton filtration is achieved by using gravity to grade the filtration medium (sand) into a graded bed of sand with a coarse core surrounded by fine particles. Filtration through this naturally formed bed results in a large reduction in solids, even from effluents which hitherto were considered unmanageable or difficult to treat.

The entire process is automatic, filtration and sand cleansing taking place simultaneously without interruption. The high air and water velocities used, says the company, make for efficient filtration, and there are no moving mechanical parts within the body of the filter.

Each filter cell is capable of filtering 10 to 30 cubic metres of effluent per hour, the actual rate depending largely on the type and quantity of solids present.

CONSTRUCTION

Panels made by flowline methods

IN ORDER to meet the growing demand for building panels, three leading UK companies have joined forces to develop high-output laminator for the continuous production of metal-faced insulated panels.

The panels are said to combine the high thermal insulation properties of rigid polyurethane foam with the lightweight and easy maintenance features of steel or aluminium.

Necessary technology for achieving the continuous manufacture of the panels has been developed jointly by a leading metal roll-forming machinery manufacturer, Loewy Robertson (Davy Corporation company),

Glass fibre improved

PILKINGTON has announced the launch of Cemfil 2—a second-generation alkali-resistant glass fibre for the reinforcing of cement and concrete structures.

This is a new fibre which has been developed by Pilkington Group's research and development section to stabilise the strength and mechanical properties of glass reinforced cement (GRC) products to a substantial extent. Such action will lead to confidence in a wider range of uses for glass-reinforced cement (GRC) products, the company asserts.

The new fibre has been designed to behave in a similar manner to the original fibre in handling and processing so that no new equipment is needed in the manufacture of GRC products.

The first generation of Cemfil fibres developed by Pilkington derived their alkali-resistance from the composition of the glass used to form the fibres.

New Cemfil 2 fibres are, the company says, an "evolutionary development." The basic com-

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ICI and Viking Engineering (ICI subsidiary).

Apart from their use as cladding, the panels can also be used for roofing, and other configurations would permit the manufacture of doors, window shutters and partitions. Extra thick units can also be made for cold-store and chill-room construction.

More from Loewy Robertson Engineering, Wallisdown Road, Poole, Dorset (0202 512311).

position remains the same but the post-treatment differs and because the new approach is subject to patenting, the company will not say whether it is a surface treatment, a new coating or whatever.

A spokesman for Pilkington told the Financial Times that the method of making the second generation alkali-resistant fibre gave it much better strength retention for longer periods. With the earlier version there was a known rate of loss of strength down to a steady level.

To put the situation in a nutshell, the spokesman said that if anyone should approach the company with proposals for a very thin section long-span roof, Pilkington would look at the plans and specifications "very seriously."

In other words, UK builders are at liberty to emulate the extended thin section buildings that are taking shape in West Germany on the basis of GRC.

Pilkington Bros, Prescott Road, St. Helens, Merseyside, WA10 3TT. 0744 28882.

INSTRUMENTS

Checks the frequency

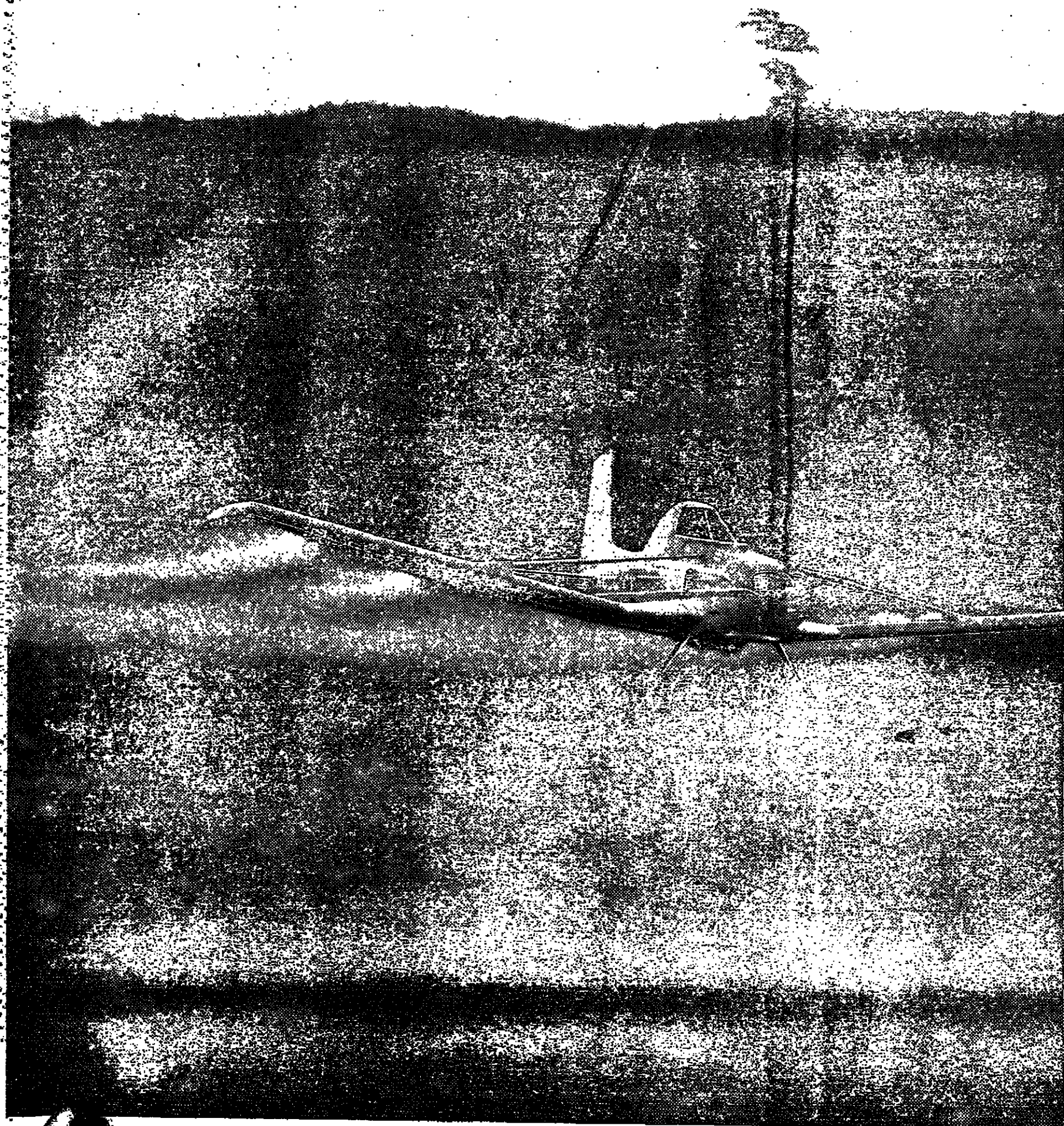
CONTINUOUS readings from 20 Hz to a guaranteed 100 MHz are obtained in a frequency meter from Continental Specialties Corporation, Shire Hall Industrial Estate, Saffron Walden, Essex CB11 3AQ (0799 21682).

Max 100 has a 0.6 inch high eight digit LED display and the crystal controlled timebase gives a claimed accuracy of three parts in 1m. Sampling takes place every second.

amplifier gives readings from signals down to 30 mV and the input is diode-protected to a peak of 300 volts. The extreme left-hand digit flashes when the input exceeds 100 MHz.

There are a number of accessories. The instrument can be used with a small aerial where direct coupling is not feasible, for example.

The meter will work from the mains, an internal battery, or an external dc source. Battery chargers and eliminators are available.



AMBUSH!

How ICI moved in fast to capture a share of a world market for a remarkable new insecticide discovered in Britain.



Gordon Rae (left) of ICI discussing 'Ambush' insecticide with a cotton grower (centre) and spray aircraft pilot (right) in Tipton County, Mississippi, USA. He joined ICI's Plant Protection Division from the Department of Agriculture in Kenya to work on a scheme to develop the country's insecticide market and the manager of the pyrethroids insecticide project. A fishing boat, he takes his rod on his visits to the river.

This is the story of how ICI took a British discovery and developed it to crack open a £200 million market.

One of the best natural insecticides—pyrethrum—is extracted from a species of chrysanthemums. It is deadly to insects, safe to animals; however, widespread use on outdoor crops is uneconomic.

Late in 1973, Gordon Rae from ICI's Plant Protection Division, heard news of a new synthetic pyrethroid insecticide which was better than the natural product and offered big potential benefits to farmers worldwide. It was discovered by Dr Michael Elliott and Dr Norman Jones at the Rothamsted Experimental Research Station and financially backed and licensed by the National Research Development Corporation.

His eyes lit up. As manager of the Products Acquisition and Licensing Section he had been searching for inventions promising big sales if developed with ICI money and its formidable world-wide technical and marketing capability.

Within a week a small sample was obtained. By early 1974 it passed ICI's preliminary tests for effectiveness and was named 'Ambush'. The race was on with other companies already developing similar insecticides. The prize was a share in the huge market for insecticides on cotton, vegetables and many other crops in

almost every country in the world, particularly in the USA.

Laboratory tests and field trials took place at ICI's international network of experimental stations. In 1975, ICI Americas purchased a licence to sell the product in the Americas. And they pulled off a marketing coup. They signed up key distributors controlling over 50% of the market in the Cotton Belt of the USA—sceptical Southerners who had heard a thousand stories of miracle insecticides before.

Sales started in late 1976. The Dutch Government quickly authorised use of ICI's pyrethroid insecticide to save glass house chrysanthemums. Then the US Government granted emergency exemption to combat bollworms, rampaging through the cotton crop.

By 1977, sales were worth several million pounds. Last year, they trebled and 'Ambush' was being used on millions of acres in the USA alone. This year, there's going to be an even greater demand.

Who benefits? Cotton farmers get increased yields. The environment benefits from the use of a safer insecticide. ICI and the NRDC earn money; money that will help finance more world beaters which Britain must produce if we are to thrive—rather than just survive.



A cotton crop being sprayed from the air with 'Ambush'.

مكازم الجاهل

FINANCIAL TIMES SURVEY

Thursday October 18 1979

London Metal Exchange

Its plans to move to bigger premises are probably as good a token as any of the continued success of the London Metal Exchange. The number of metals traded has risen to seven this year, the regulatory system has been strengthened and a year of some startling price movements successfully ridden.

THE PAST year has been a momentous one for the London Metal Exchange (LME). Two new futures contracts—for aluminium and nickel—have been launched with some success. The introduction of a special monitoring scheme has been achieved without the repercussions some gloomy forecasters predicted. Two new members, outside the Exchange's normal orbit, have been elected as ring-dealing members. To round off the year has come the announcement that the Exchange is planning to leave its premises at Whittington Avenue, Leadenhall Market, after being there for nearly 100 years. Finally, the prospects for introducing a gold futures market are being investigated by a special sub-committee.

Surge

Perhaps most important event of all, however, in the short term has been a surge in trading activity as the various markets on the Exchange have come to life. Copper—the flagship of the Exchange—has emerged from a long period of depression with some dramatic price movements. There have also been some spectacular movements in the lead, silver and tin markets.

The volatility of prices reflects the changing attitude on the Exchange. Fundamental supply-demand influences have been swamped on many occasions by a flow of funds, mainly concerned with protecting the value of "paper" money against depreciation by inflation or falling exchange rates, notably the dollar. This has

meant that the markets have been subjected to a great deal more speculative activity than in the past with trade interests tending to stand aside.

There is considerable concern among both producers and consumers that speculative forces should play such an important role in deciding the cost of metals. Exchange dealers point out, however, that the markets are only reflecting the general uncertainty in the world resulting from the oil supply crisis and the pressure on the dollar.

In fact, the new aluminium and nickel futures markets have made only a limited impact on the pricing of these metals, which is still very much controlled by the producers. But in the copper market the Metal Exchange has become even more important in influencing prices following the decision last year by Kennecott, the largest U.S. producer, to abandon the traditional U.S. producer price system.

Kennecott's decision to base its prices on the New York copper market (Comex) quotations has forced all the U.S. producers to pay far greater attention to developments in the world free market. It has also given greater importance to Comex, which has traditionally been far more influenced by speculators than the London Metal Exchange.

Adding to the pressure on the LME from New York has been the influence on base metal prices exerted by movements in precious metals, especially gold, which is regarded as reflecting the state of the U.S. economy. The continued ban on UK citizens trading in

gold bullion and therefore gold futures has put the LME at a disadvantage in relation to New York, where trading in gold futures, introduced in 1975, has grown enormously and become a major influence in other metal markets.

new markets at its existing premises in Whittington Avenue. The surge in trading activity, and the introduction of two new contracts, has strained the resources of the old-fashioned premises at Whittington Avenue to the limit. Apart from over-

planned to take place next year but might well be delayed, has been generally welcomed by members despite the cost. There are reservations, however, about whether Plantation House should become the permanent home of the Exchange.

ring-dealing members must have close connections with the non-ferrous metals industry. This has meant the exclusion of commission houses or brokers, whose clients tend to include a large proportion of speculators. But the door has now been

closer links between the LME and the bullion market, and a representative from Sharps Pixley is one of the members on the sub-committee investigating gold trading.

Another important change in the LME has been the successful introduction of the monitoring scheme, designed to improve its financial stability.

The monitoring scheme is essentially a compromise worked out to meet the growing pressure for more protection against possible financial disasters should one or more companies be driven to bankruptcy. The rise in trading activity, and metal prices, has increased the possible financial repercussions in the event of a failure to an enormous extent and the Bank of England made it plain that the Exchange must do something to improve its stability, possibly through the introduction of the kind of clearing house system used by the "soft" commodity futures markets.

But one of the bastions—or peculiarities, depending on one's viewpoint—of the Exchange is the principal's contract, under which each individual company is responsible for any business it transacts.

This gives members far greater flexibility in encouraging trade business in view of the very large sums involved but any major loss suffered by one company could have a domino effect leading to financial disaster. The monitoring scheme aims to anticipate any dangerous situation building up. It does not, however, provide the kind of financial security some members and clients

would like, and is considered in many quarters to be only the forerunner of a clearing house. It is feared, though, that such a move, while improving financial stability, would encourage a greater flow of speculation. Members of the Exchange are enjoying boom conditions after several years of lean times, but there is some apprehension that too much speculation might attract the attention of Governments worried by the instability in the pricing of vital raw materials.

Unchecked

While prices are rising there is unlikely to be much pressure from producing countries to control the markets. But should the feared economic recession drive copper prices down to uneconomic levels again, efforts would undoubtedly be made to revive the sluggish negotiations for an international copper agreement or to introduce some other form of price control. For the moment the free market system, epitomised by the LME, is riding high. It is not difficult, however, to foresee that speculation will not be allowed to rage unchecked if it is thought to be damaging the economies of either exporting or importing countries.

The warning from the Governor of the Bank of England at the 80th anniversary dinner of the London gold market last week that any futures contract should be carefully devised provided a timely reminder that there is increasing awareness of the influence of futures markets on physical price movements.

Activities add up to a momentous year

By John Edwards, Commodities Editor

The LME sees no reason why all the gold futures business should be channelled to the U.S. markets. It is hoping that the British Government will either extend the relaxation of exchange control regulations to permit trading in gold bullion or alternatively agree to some special scheme whereby LME dealers will be permitted to trade in gold more freely to allow the establishment of a futures market in London.

But it is acknowledged that it would be impossible for the LME to introduce any further

crowding there is also severe problems with communications to and from the Exchange. If a gold futures contract were introduced, or indeed any further expansion, the Exchange would have to move to new premises in any event. The choice of Plantation House, the huge office block running from Mincing Lane to Fenchurch Street, is rather ironic since it was formerly the home of the "soft" (non-metal) commodity futures markets that moved out when it was decided to refurbish the building.

The proposed move, which is

There are also some doubts as to whether the move to new premises, and expansion into gold futures trading, can be managed without totally changing the fundamental structure of the Exchange, which has proved very successful over the past 100 years.

The past year saw something of a breakthrough in membership. Although the Exchange has kept a wary eye on possible pressure from the EEC Commission about restricting membership, it has maintained a firm line on insisting that companies wanting to become

partly opened with the re-election to ring-dealing membership of a company taken over by a big commission house group.

There were special circumstances behind this re-election, which was opposed by many members frightened of setting a precedent. At the moment there are no signs that the Exchange is about to throw open its doors to a new type of membership, but this might be necessary if gold trading was introduced. Already one of the London bullion brokers, Sharps Pixley, has become a ring-dealing member, signifying the

Sharps Pixley

Member of the
London Gold and
Silver Markets
and Ring-dealing
Member of
the London Metal
Exchange

Sharps, Pixley Limited
10 Rood Lane, London EC3M 8BB
Telephone: London 623 8000 Telex: 887017

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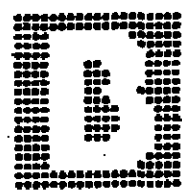
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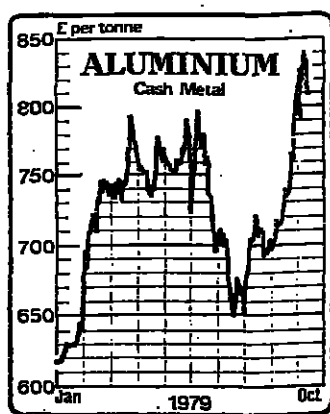
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LONDON METAL EXCHANGE II

Another milestone in the history of the London Metal Exchange was reached earlier this year with the introduction of contracts for aluminium and nickel. There are now seven metals traded, and on this and the following page the outlook for world markets is reviewed.

The trend of prices



New contracts

WITH THE start of trading in aluminium and nickel, and the announcement that the possibility of a gold contract is being examined, the past year has certainly seen the London Metal Exchange offering its services with a vengeance. The last previous new contract was silver in 1968.

And how have they been received? There was a note of caution in LME committee chairman Ian Foster's voice when he professed himself "relatively happy" with the progress of the aluminium and

the nickel contracts. But other soundings suggest that the two new contracts are getting gradual acceptance, in spite of the initial hostility shown to both by the major Western companies producing these metals.

The volumes of metal traded on the LME aluminium market still account for a very small proportion of the world total. Merchants estimate that perhaps only 5 per cent of the world's aluminium reaches the "free market," and of that perhaps 5 per cent, at most 25 per cent, goes via the LME.

One of the main problems is that the quantity of stocks held in LME warehouses—around 10,000 tonnes—is not high enough to allow the market to be used comfortably for physical trading.

But traders in the free market which has existed long before the LME came on the scene, now readily admit to using the LME occasionally, although they were as vocal as any of the producers in opposing the market when it first started.

They would not doubt use it more frequently if the volume of stocks increased. But given the shortages that are developing in aluminium, that is unlikely in the near future.

As long ago as April, Anthony Bird Associates noted that the underlying growth rate in aluminium smelter capacity was only 3.2 per cent—well below

the anticipated growth rate for aluminium demand. With capacity utilisation at 89.5 per cent because of power shortages, supplies would fall short, and prices would have to rise. The firm was looking for a shortage in 1981, although it seems that the time scale has been accelerated.

More recently, the president of Alcan Aluminium, David Culver, told an Aluminium Association meeting in Washington that growth of demand would slow down from its historic rate of between 7 per cent and 8 per cent a year to somewhere between 4 and 5 per cent. But, he noted, even at this lower growth rate the industry would still need an additional 500,000 tonnes of new capacity a year throughout the world.

That the new capacity is urgent is demonstrated by the fact that the Japanese, who have been cutting back on production because of their high costs, need to buy an estimated 800,000 tonnes next year. They have not started this buying programme yet, and it is a further reason for the present expectation of higher prices.

Japan's consumption rose by a significant 15.1 per cent in 1978, against a Western world primary figure of 6 per cent which took 1978 Western consumption to 12.02m tonnes, according to Amalgamated Metal Corporation's "Aluminium Trends." Production was estimated at 11.6m tonnes in 1978, and was expected to increase to 12.3m tonnes in 1979, 12.9m tonnes in 1980, and 13.4m tonnes in 1981.

With exports from the East European bloc amounting to some 10,000 tonnes, and exports to China increasing, inventories fell by 471,000 tonnes in 1978.

According to the International Primary Aluminium Institute total company inventories dropped from 3.95m tonnes at the end of 1978 to 3.43m tonnes at the end of August this year, and following the end of the strike at Alcan's Quebec smelters, have now stabilised.

Strength

Meanwhile the LME prices for aluminium are showing all the signs of strength. From a starting point of under £600 per tonne last year, three-month aluminium had moved up to about £760 last week, and even more significantly cash metal, at some £810, was commanding a backwardation of some £45.

This compares with UK producer prices of £750 and £760 per tonne, and drew the not unfriendly comment "they are more optimistic than we are" from one of the producers' spokesmen.

The comments about the low volume of trading, and too low a level of stocks, apply even more strongly to the new nickel market—not least because this market, which started trading forward metal in April and spot metal in July, is much newer. But for an infant it is growing well, commented one nickel merchant.

There are also doubts about the quality of a large proportion of the metal that goes into the LME warehouses, which tends to cut down the market's viability for physical trading. But at the same time traders report that consumers are starting to use the LME price as an indicator.

The major producers, including INCO, are sticking to their guns meanwhile, and are continuing to oppose the new contract on the grounds that it will tend to destabilise the world market.

But the outlook for the metal is mildly traumatic anyway. In a report published in April, the firm Rayner-Harwill argues that demand for nickel might grow at 3 per cent a year (steel demand is expected to rise by say 2 per cent, but there will be an emphasis towards specialised grades, hence the sharper increase for nickel). Starting from Western world demand of 450,000 tonnes a year (450,000 tonnes in 1977, according to the World Bureau of Metal Statistics), this would give a requirement of over 830,000 tonnes by the year 2000.

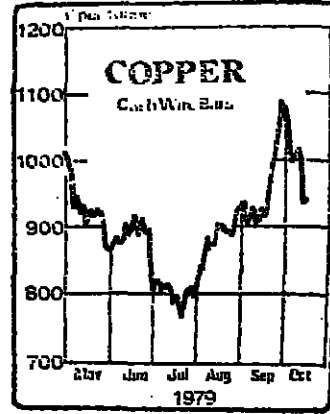
With Communist bloc demand rising at a similar rate, starting from a base of some 200,000 tonnes, total demand for the metal could be over 1.2m tonnes by the year 2000.

Mine production of nickel is currently put at some 780,000 tonnes a year, so it is clear that investment in new capacity is going to have to come. This means that prices are going to have to rise, as the new capacity is undoubtedly going to be expensive.

One merchant believes that the price of nickel is going to have to go up from its present producer level of some \$3.00 per lb—which incidentally he describes as reasonable—to \$4.50 by 1982 or 1983, and to \$9.00 by the late 1980s.

Such a scenario should offer plenty of scope for the hedging and speculating opportunities on the LME.

Grog Smosarski



Copper

THE COPPER market came to life this year with a spectacular jump in prices from £770 a tonne (for cash metal) at the beginning of January to over £1,050 by March. Subsequently after a setback, based on fears of an economic recession, the market reached a peak of well over £1,100, only exceeded by the record level of £1,400 achieved in 1974.

Heavy shortfalls in production from Zaire and Zambia on the African copperbelt and a reversal of the expansion in Chilean output, as well as the closure of many mines throughout the world because of economic problems, have all combined to cut drastically the previous surplus of supplies overhanging the market.

Zaire's production this year is now expected to fall to between 370,000 and 385,000 tonnes from the earlier estimate of 410,000 tonnes. In the first half of this year Chilean copper production has fallen from 518,800 to 513,000 tonnes in the first six months of 1979. So it would appear that the International Wrought Copper Council's forecast of a world deficit of 400,000 tonnes (similar to last year's) is extremely likely.

The decline in LME stocks has been dramatic. From a record 645,300 tonnes in January, 1978, stocks have fallen steadily to around 150,000 tonnes, having collapsed to 373,530 by the end of last year. The sharp decline is attributed to producers' inability to meet contract commitments from their own resources and fulfil orders from LME warehouses. In addition, what is left is understood to belong to institutions which will be unwilling to place the material on the market unless the price is right.

Producers are taking full advantage of the situation in the annual round of negotiations for supply contracts for the coming year. Although details are not

available, it is understood that premiums amounting to double this year's premium of £8 over the LME market price can be expected for 1980 contracts. The emphasis is on quality and such contracts usually demand the best material which is already in very short supply. It is not always readily available in the right place at the right time.

Looking to the year ahead opinions differ on the economic front. Some suggest that the recession in the U.S. is not as serious as had at first been imagined and that demand will not fall off, indicating that prices will continue to rise in the first quarter of next year, similar to the trend at the beginning of this year. Others, however, feel that the recession will be deeper, leading to a decline in demand and the possibility of a small surplus of production over consumption in 1980. But once the current recessionary phase is out of the way, then prices should begin to rise again as consumption picks up.

Western world refined copper consumption is expected to rise by 4 per cent to 7.5m tonnes this year from 7.3m in 1978. Increases in Europe and Japan will be offset by a decline in the U.S. For 1980, Mr. Paul A. Rittenhouse, market research manager of Texasgulf, foresees a slight decline to 7.4m tonnes, with the decline in demand in the first half of the year being as much as 5 per cent.

Supply and demand would then be in balance, as he forecasts a rise in refined copper production by 6 per cent to 7.4m tonnes in 1980 from 7m this year.

Thereafter production is not expected to keep pace with consumption. Refined copper consumption is expected to rise by 1.6m to 9.1m by 1985. But the outlook for production is cloudy since new production has not been encouraged by market prices and supplies will be very tight by the middle of the 1980s. Rittenhouse claims that an average price of \$1.50 a pound is necessary to produce new supplies. This is something which producers have been complaining about for some time now. The current U.S. producer price is fluctuating between \$1 and \$1.10 a pound.

So while the recession may blunt the market's enthusiasm, the longer term outlook is good and prices are generally expected to move ahead again once the slump is over. In the immediate term, if gold consolidates and moves higher again, then higher prices can be seen in copper before the end of this year.

Sean Conway

Lead

LEAD PRICES have risen spectacularly this year, mainly as a result of some heavy buying by the Soviet Union and other Communist bloc countries creating a shortage of supplies available to the market. Stocks in the LME warehouses have been under constant pressure in the face of erratic purchases from the Communist countries.

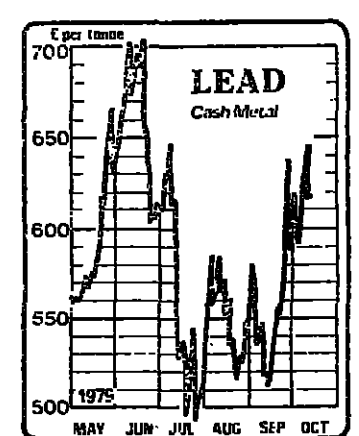
While there are expectations of prices holding steady to the end of the year, much depends on the coming winter. Severe weather could bring about increased demand, particularly in the U.S., for car batteries. But a mild winter could lead to a sharp fall. The price is still below its record £708 in June of this year.

World mine production has not increased measurably over the past ten years (3.3m tonnes in 1969 and 3.4m in 1978). Refined consumption, however, has moved up from 3.3m to 4.3m tonnes, according to Rayner-Harwill in "The Changing Lead Market."

Referring to member countries, the International Lead and Zinc Study Group noted in "Trends in Production of Lead and Zinc" that secondary recovery from scrap has shown a similar increase from 0.41m tonnes in 1960 to 0.64m in 1968 and 0.74m in 1974.

The level of refined commercial stocks has continuously declined from 0.58m tonnes to 0.33m until recently, when they began to pick up again. For example, U.S. producer stocks in August rose from 10,838 to 13,568 tonnes. Stocks held at refiners rose from 10,039 to 12,938 tonnes. Stocks held elsewhere declined to 828 from 779 tonnes. Production in August was 49,878 tonnes against 52,500 in July and shipments fell from 56,202 to 46,099 tonnes.

There has been little change in geographical production trends over the past ten years. But prospects on hand indicate that Europe, South Africa and Canada will increase mine capacity while that of the U.S. will continue to decline. Russia has strongly influenced the market upwards, at times this year as a net importer. Yet its mine output has increased from 0.45m tonnes in 1969 to



0.625m tonnes and according to the World Bureau of Metal Statistics, the country is a net exporter.

This confuses the issue. But Russia will continue to have a strong influence on the market alone with Eastern bloc buying, which took the market to new peaks during the year.

However, assuming that all planned projects come on stream there could be a supply/demand balance achieved in late 1980 with a small surplus developing through to 1990 following the estimated shortfall of about 100,000 tonnes this year. Critical to the market is vehicle battery demand, estimated to increase at an annual rate of two per cent.

Going back to basics and looking over the next two years, the relationship of source of lead to zinc, and to a lesser extent to silver and copper, overrides all other factors in the market. Less than one third of all lead is mined from lead ores while production developments indicate a continued preponderance of zinc in combined ores. This could bring about a combined decline in the demand for zinc relative to lead and could foster volatile market conditions.

But whatever the longer term predictions, the market is in a fairly balanced state at the moment and any strong influence could move the price sharply either way. If supply continues tight, particularly then top quality material, at prices could hold steady, at least until next year.

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Influence of U.S. markets

THE GROWTH in the influence of the New York markets on price trends on the London Metal Exchange (LME) in recent years is of considerable concern not only to European traders but also to brokers on the Exchange itself. No one likes to feel that he is playing second fiddle, especially to speculators with no special knowledge of the metals trade.

However, this has been a fact of life on the Exchange for the past few years, with dealers constantly worrying about what is happening not only on the New York copper futures market but also in gold, silver and platinum.

With modern communications there is no longer the gap between London and overseas markets that was often previously allowed to develop. The LME in particular is a very international market, with over 70 per cent of its turnover coming from abroad. So it is vital that London should be in

tune with New York and vice versa. Traders in Europe, Japan and elsewhere have the choice of the two markets so London must be competitive. New York has become much more international too and there has been a considerable growth in arbitrage trading between the two markets.

Advantage

Arbitrage trading essentially brings market prices in different areas together by taking advantage of any discrepancies or differentials that might develop during the normal course of domestic trading.

The fundamental theory of arbitrage is the ability to trade in one market at a different price from another, with the arbitrageur using the difference to make his guaranteed profit. However, there are some difficulties which have been highlighted by the recent violent price movements in London. In New York settlement of out-

standing margins has to be made each day, but in London payment of any profits made are not due until the delivery date of the purchase made. So if a company has losses in New York, even though they are covered by profits made in London, there could still be a serious cash flow problem.

Normally, "temporary" shortfalls of this kind are treated with sympathy by banks and other financial institutions, but when the sums involved reach extremely large amounts they are looked at askance, particularly with present high

interest rates. Even if the funds are made available they could well be charged at a cost far more than offsets any profits made on the arbitrage transactions.

The LME had additionally been considerably concerned this year over proposals by the Commodities Futures Trading Commission, which regulates the U.S. metal futures markets among others, declaring that "foreign" (for example, non-U.S.) traders must comply with the demands made on domestic companies to supply full details of all their transac-

tions on the U.S. markets, including the names of their ultimate clients.

It was visualised that "foreign" companies would have to appoint special agents in the U.S. who would be subject to the reporting rules and regulations of the Commission.

In the event, after intense lobbying backed by an official diplomatic note from the British Government to the U.S. State Department, the Commission decided not to pursue the matter. "Foreign" traders pointed out that it was entirely

reasonable to normal trading practice in Europe to reveal the identity of clients, which would be deemed as a breach of confidentiality and on a more mundane note that the appointment of U.S. agents could involve them in tax problems. The matter could be that, however, it was felt that from the U.S. the Commission was a little more relaxed and the threat of new regulations, just like the decision to open up commodity markets to U.S. companies.

John Edwards

Tin

THE THREAT of U.S. strategic stockpile releases continues to overshadow the tin market. Delays in Congress are holding up the proposed legislation to release 35,000 tonnes—5,000 of which are to be contributed to the International Tin Council buffer stock. Currently a tight supply situation is being maintained by the tin market, but once the authorisation is given to release U.S. stockpile tin, then the price can be expected to move into a downward spiral. The developing economic recession is expected to cause prices to decline in the New Year in any case.

A similar tight supply situation in June caused the price to rise over \$8,000 a tonne and cash premium to widen to as much as \$1,000 over the three months forward price. Then the price collapsed below \$6,500 in July, following the decision to raise the International Tin Council's buffer stock price range.

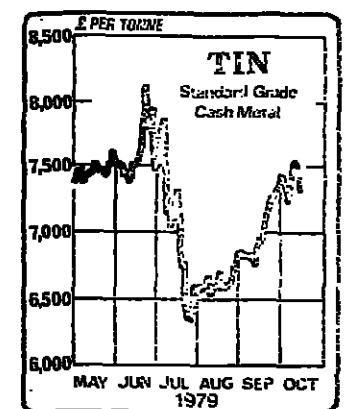
Latterly the price has firmed up again, trading in the range of \$7,300 to \$7,500 with a backwardation (cash price premium) widening to around \$500. Recent news of a fall in Thai production, decreased offerings in Penang and a decline in recent shipments from Singapore contribute to the present steadier market.

The International Tin Council buffer stock price range was

raised to M\$1,500-1,950 per pikul from the previous "floor" and "ceiling" prices of M\$1,350 and 1,700 in July. The producers still maintain that the increase is insufficient to cover the increases in the costs of production over the past 12 months, and they fear the effects of the oncoming recession plus the threat of U.S. stockpile releases. Added to this are the expectations of a surplus this year of 3,400 tonnes compared with around 5,500 tonnes last year, according to Rayner-Harwill in their latest review. Certainly the boom in the tin market would appear to be ebbing away.

Producers remain adamant that the price increases were inadequate. Led by Bolivia, producers claimed that the price range under the International Tin Agreement should take into account the rising market price, which consumers have demonstrated in the past they have been willing to pay. The U.S. has stated that an average production cost cannot include levies put on by the producer government. In fact tin market values have been consistently above the ITA "ceiling" price ever since the buffer stock ran out of tin in 1977.

Bolivia has protested to the U.S. that its threat to release stockpile tin was "incompatible" with President Carter's human rights policies and would be "economic aggression." As a result the U.S. has agreed that it will only release 10,000 tonnes a year over the



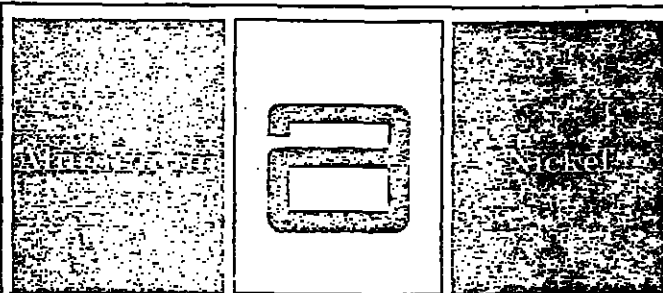
next three years since the legislation had been passed. It might have been thought wiser to have released the stockpile tin about two years ago when the market was very short of supplies. Such releases would have been absorbed and would not have prevented the steady rise in prices at that time. Instead prices have risen sharply and collapsed dramatically on each whisper that stockpile releases were imminent. Such violent fluctuations have made long-term planning by both producers and consumers alike very difficult, if not almost impossible.

On top of this, the tin

market is currently in the hands of speculators, who are looking for short-term gains. This has led to a very volatile market, with prices swinging wildly. The situation is likely to continue until the U.S. stockpile releases are implemented, which could lead to a more stable market.

However, if the price falls in the New Year, the U.S. stockpile releases could be a double-edged sword. While they would provide a much-needed supply, they could also lead to a further decline in prices, which would be a disaster for producers. The market is in a very delicate position, and any move by the U.S. government could have significant implications for the tin market.

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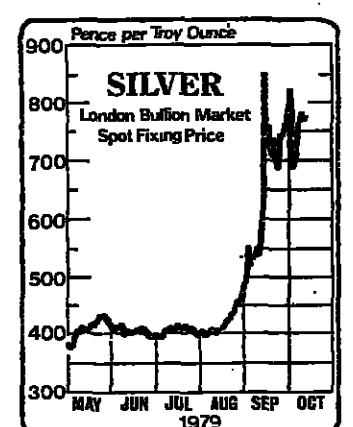
Silver

SILVER WAS the metal most affected by the mad rush into gold and traded up to 980p an ounce for three months metal. Small wonder that a move towards 1,000p is widely being forecast. But as with gold, it is generally accepted that a consolidation period is required before another upward surge from the current levels. If the new U.S. measures to support the dollar fall and inflation continues at a high level, then the above forecasts could well prove correct.

But with moves of 100p from minute to minute in recent volatile market conditions, it is almost impossible to relate to statistical evidence and fundamentals. India still maintains the ban on exports despite the sharp rise in prices and there is no evidence of any serious attempts at smuggling.

The U.S. Silver Institute has forecast an increase in world mine output of 5 per cent to 350,800 oz this year compared with 332,700 oz in 1978. Consumption figures are not so well documented, but demand has declined steadily from the peak of just over 500m oz in 1973 to current level of around 420m oz. Despite the difference in these figures there are sufficient stocks available to cover the deficit.

Industrial consumption in the U.S. fell by 48m oz in the second quarter of this year but total usage rose to 94.7m oz in the first seven months of this year



—an increase of 15 per cent over corresponding period in 1978. The largest area of growth has been in new coins.

While no new major industrial uses are envisaged in the immediate future, perhaps a small increase of one or two per cent is possible. It is in the area of jewellery and investment that the outlook for silver might be more promising as investors look for the hedge against inflation.

Meanwhile in the U.S., a Bill is in motion to release 15m oz from the General Services Administration strategic stockpile but there are 139.5m oz deemed to be surplus to the stockpile requirements. For whatever reason, the recent market activity has had little to do with actual supply/demand factors and it looks as if it will continue to depend on gold, the dollar inflation and recession.

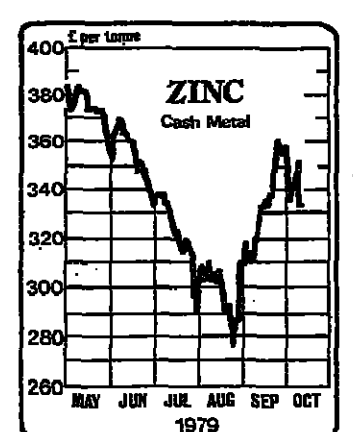
S. C.

Zinc

PRACTICALLY INSEPARABLE from lead, zinc remains a very vulnerable market, although looking more steady at the moment than hitherto. The price at just above \$300 a tonne is still well below the all-time peak of \$388 in 1974. Production capacity is greater than a declining consumption rate and producers are only too well aware of the dangers of upsetting the market and building up stocks above necessary levels.

Producers were able in stages to raise their official European producer price from a low of \$250 in early 1978 to a high of \$345 a tonne, but have recently had to cut back again to \$280 because of excess supplies. However, they are now working hard to avoid another dangerous build-up in stocks. Preussag, the West German producer, started the ball rolling by announcing a 15 per cent reduction in output. This has now been taken up by most other leading producers in Europe and Canada in an attempt to bring back output more into line with consumption.

Unfortunately for the zinc producers there is a large installed capacity of zinc worldwide and with demand falling in the motor industry, coupled with the recession, the outlook for zinc must remain rather dull until the necessary balance in



the market is achieved. Even then it will take massive producer control not to allow stocks to run up again. While the market price may not cover production costs, the price could become ridiculously low if the producers have not learned from past experience.

Although LME stocks have been falling to 43,275 tonnes from 69,556 at the beginning of the year, stocks of primary zinc at smelters have been rising. In Europe such stocks have risen to 185,200 tonnes in August from 147,600 tonnes in July and compare with 147,700 tonnes in August last year. The moves by the major producers to reduce such stocks can only contribute to the possibility of a steadier market.

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"MONEY SPEAKS" sense in a language that all nations understand," claimed a writer in the 17th century. Three hundred years later it is still relatively easy to accept the latter part of the sentiment, but with the world's money markets in their present state, no international trader is going to agree immediately with the rest of it.

Commodity traders on the London Metal Exchange and in other markets have had their fair share of the backwash from the international money markets, especially in the past year. Very few days go by without the phrase "currency factors" creeping into market reports. Indeed, the phrase has come to cover a multitude of sins, and has become an established cliché of market jargon—like "chartist interest," "scale bull liquidation," or "stop loss buying/selling."

The first way the world's money markets affect the commodity markets is via currency exchange rate variations. Most markets have customers in many countries, and each of these customers normally plans his operations in his own currency. If the trading currency (the one actually used on the floor of the market—i.e., sterling on the LME) drops in the currency markets, the foreign buyer can afford to bid more pounds, and still keep to his original trading plan. Conversely, if the pound rises against other currencies, a foreign seller can accept fewer pounds, and still meet his own target in his own money. Thus commodity markets automatically move the other way to their trading currencies.

With the wide variety of currency movements in the past year, this reaction has been a constant source of market movement and a constant source of worry to traders, who have had to keep at least one eye on the foreign exchange markets throughout their dealings.

But the overspill from the international money markets has, in the past year, also been taking a more direct form. The international investors have got fed up with holding

bank deposits in many of the major currencies. They do not see too much hope for any of the companies quoted on many of the world's major stock exchanges. They are looking for a better return than offered by the most reputable borrowers in the Eurodollar markets. So they have turned to commodities.

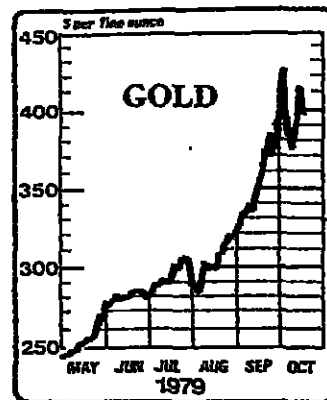
Given the climate of barely relieved gloom—in which oil prices have risen by 60 per cent so far this year against an original promise of a 10 per cent increase, with Kuwait adding another 10 per cent to its price last week which could trigger a fresh round of adjustments, and the International Monetary Fund working on the assumption that real economic growth in the industrialised countries will drop from a modest 3 per cent this year to 2 per cent in 1980—commodities seem more valuable than money.

Damage

The poor growth prospects of the U.S. economy—1.3 per cent expected this year and zero next year by the IMF—together with 14 or 15 per cent inflation, have done further damage by undermining the credibility of the dollar, the world's major reserve and trading currency.

This has led to a headlong rush into gold. The metal reached a high of \$445.5 per ounce, and in spite of some reaction to such high levels, it is still hovering at about \$400 per ounce. This is twice the price of less than a year ago. Furthermore, the last \$150 of the rise have been covered in less than two months—since the Dresdner Bank demonstrated the strength of demand for gold by scooping up nearly all of the gold on offer at the U.S. Treasury auction towards the end of August. And the last \$100 have been scaled in the last month or so.

The reason why investors have preferred gold to money this year has been the same as during any period of economic stress. They believe, not always incorrectly, that faced with demands for more money



(while the link with soft commodities is just rather tenuous). One of the main differences is that gold is used largely for investment purposes, with jewellery and dentistry among the main "industrial" outlets—areas where demand is not especially elastic. In contrast demand for the industrial metals is going to be subject to the swings in industrial demand.

Another point of divergence is that outputs of the base metals are very much greater than of gold, running into millions or even tens of millions of tonnes. While consumptions tend to match, small variations can lead to sizeable surpluses or deficits, with corresponding consequences for prices.

Thus investors who assume that any or all of the base metals are going to go up just because gold is rising could be in for a nasty shock.

Nevertheless, their activities have a self-fulfilling quality, which means that base metal prices do respond to movements in gold, at least for days at a time.

The one metal to effectively straddle this divide, and act like both a precious and a base metal, is silver. It has traditionally been a sort of "poor man's gold," and still retains some of the monetary role it used to have that has, for instance, led to the UK currency being christened "sterling." But mining developments in the last century have opened up much greater reserves of the metal, and silver has been found a serious industrial use as one of the main ingredients of photographic materials. This dual role has also helped to make the base metals respond to movements in the precious metals.

Thus the "currency factors," a term which tends to cover the disruptions which cause currency fluctuations, as well as the fluctuations themselves, are a logical effect. But whether that constitutes "money speaking sense" is another matter.

Grog Smosarski

Check on finances

ONLY FOUR bankruptcies in over 100 years is a good record for any financial institution. But it is even more surprising in view of the fact that the London Metal Exchange (LME) is thought to be the only commodity futures market without a central clearing house system to spread the risks.

Some traders would argue that it is the absence of a clearing house, and reliance on a principal's contract, that make the London Metal Exchange a unique institution of its kind.

Nevertheless it became clear some years ago that if the Exchange was to cope with the increasing volume of business it would have to do something to improve its financial stability in view of the rise in metal prices inflating the sums of money at risk in the event of a default.

There was heavy pressure for the introduction of a clearing house, or settlement, system similar to those used by other commodity futures exchanges. The Bank of England was among those alarmed at the prospect of a default triggering off a series of bankruptcies and undermining the whole structure of the Exchange. Several members of the Exchange found that clients were reluctant to trade because of concern about the risk of financial failure, and advocated that a clearing house system should be introduced.

However, an even stronger body of opinion on the Exchange was opposed to the introduction of a clearing house, arguing that it would discourage trade hedging business by forcing members to pass on the deposits required by the clearing house to trade clients who often at present do not have to put up margins.

Maximum

One of the main reasons for LME quotations being limited to three months ahead is that it is considered to be the maximum period over which credit can be provided to the trade by members. But it is the provision of credit, and the ability to trade for specific days up to three months ahead, that has been a prime factor in encouraging the close links between the Exchange and the metals trade. Without those links, it is argued, the Exchange could become a mini-Comex (New York copper market) dominated by speculators.

The compromise, accepted by the Bank of England as a reasonable alternative to a clearing house, was the Metal Exchange Monitoring Operation (known as Memo) introduced for a trial period in February before coming into effect from June 1 this year. It is a fairly complicated scheme, and one that has obliged all the ring-

dealing member companies to look hard at their financial records and at their methods of ensuring a reasonable cash flow and avoiding bad debts. Indeed some members claim that the main benefit of the scheme has been in making ring-dealing companies far more aware of their financial risks and commitments.

The scheme has also ironed out the previous discrepancies in the different amounts that member companies had to put up as guarantees for ring-dealing membership.

It is a big deterrent to over-trading by individual companies since the size of guarantees provided varies the volume of business transacted.

Each member is granted a credit line, representing the maximum amount the company may owe all other members collectively without having to provide collateral. This credit line is calculated on several criteria: net tangible assets; parent company guarantee; mandatory bank guarantee of £500,000; and an additional optional guarantee of £1m.

In recognition of the credit that members of the ring have traditionally given each other, "leverage" is given to the first £1.5m worth of bank guarantees provided. The first £1m is deemed to be equal to £2m; the next £1m, £1.5m and the third £1m, £1m. So it pays members to put up as much credit as they can, knowing it will be worth £4.5m worth of credit. All subsequent guarantees are valued on a pound to pound basis.

Each member has to report all forward trading transactions daily to the Monitor—an independent firm of chartered accountants which calculates how much each company owes to other members of the market. If this figure exceeds the company's credit line the Monitor immediately informs the special monitoring committee formed by the Exchange.

The Committee is empowered to call on the member company to provide such additional security as it thinks fit, but it must at least equal the shortfall below the credit line and might be considerably more to ensure the credit line is not breached again. To avoid this somewhat lengthy procedure being invoked most member companies leave a healthy safety margin, with the use of standard bank guarantees if their indebtedness to the market looks likely to reach the normal credit line.

The daily calculating and reporting of all the transactions is handled by the computer bureau of the International Commodities Clearing House, which provides the clearing house system for the soft commodity futures markets. Making arrangements to meet the information required by the

computer has reportedly made several companies more conscious of their liabilities and brought a general tightening up in debt collection and commitment.

To that extent the monitoring system has certainly been a success, and it is a major achievement that there has been no disruption of normal trading. Whether the system actually provides much greater financial stability to the Exchange in times of pressure is open to doubt, however.

Halfway

A recent study by Gordon Gemill, senior research fellow in commodities at the City University Business School, concluded that the Exchange had moved more than halfway towards a full clearing system with the introduction of the monitoring scheme. But it added that in the long run the adoption of a clearing house could lead to a much larger market with opportunities for ring-dealing members considerably enhanced. It argues that there are already enough risks in the highly geared world of commodity trading without introducing the further risk of default on forward contracts.

At the moment that view is not shared by the majority of members on the Exchange, but the recent violent price movements in the silver market in particular may give rise to concern.

The special LME compensation fund, which is regarded as a back-up to the monitoring scheme, only provides compensation for shortfalls in trading between ring-dealing members. There is no compensation, or guarantee, available for clients dealing with members of the Exchange. In other words if a broker goes into liquidation—and there have been two cases already this year—the clients have no special redress except for the normal bankruptcy procedure.

A clearing house system would no more solve this problem than the monitoring scheme; after all Rowntrees lost £32m on the cocoa futures market. But following the surge in metal prices to much higher levels, and the violent fluctuations, it is a cause for some concern. At least, however, the introduction of the monitoring scheme shows that the Exchange is very conscious of the sharp rise in the financial risks at stake.

John Edwards



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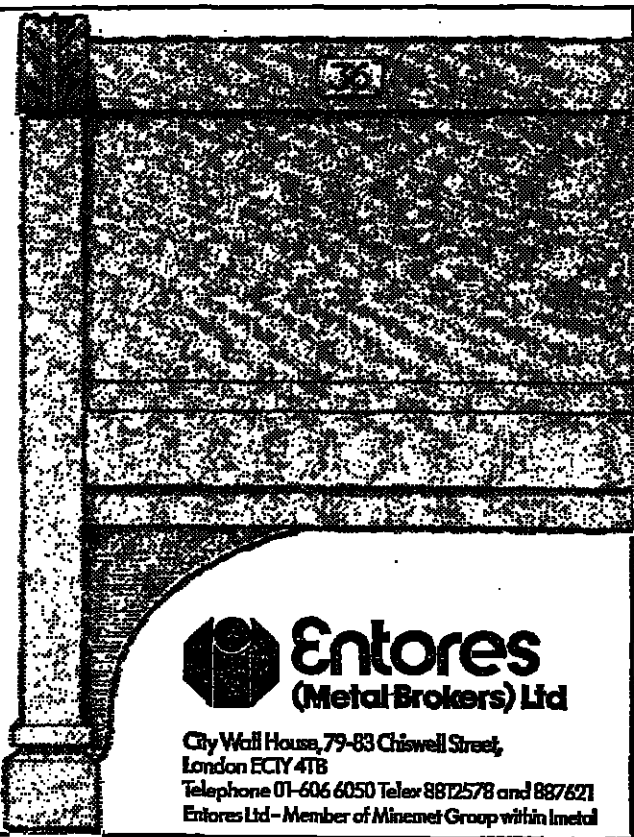
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THE JOBS COLUMN

Resource Exchange now producing results

BY MICHAEL DIXON

MUCH CREATIVITY was expected from the bringing-together of two great national poets: Wordsworth of England and Hölderlin of Germany. But all the meeting achieved was to convince each of them that the other wasn't much good at poetry. One of the reasons may have been that neither spoke the other's language.

The same may be generally true of contacts between small-business people and the larger commercial fry who would like to help them—or so it seems, alas, from the experience of the Resource Exchange originated by one Michael Bretherton, in conjunction with this column, some 10 months ago.

Keen and multi-national response greeted the proposal of a private-enterprise clearing house to put together people with un- or under-employed resources, be these money, ideas for products or services, managerial or other working skills, spare manufacturing capacity, or whatever.

The early developments of the idea (reported in the Jobs Columns of January 30, March 6, and May 1) culminated in a brainstorming meeting of 50 impressive volunteers from industry and commerce at the Financial Times headquarters in London. Since then, despite frequent and sometimes strident

appeals from readers for further progress reports, I have left the Resource Exchange to its own devices.

The main reason is that, reviewing the copious outcome of the brainstorming and other activities, Mr. Bretherton could not help concluding that while rich in ideas and enthusiasm, the venture lacked both experience and sources of funds sufficient to set it up as a fully going concern. He and I therefore agreed to give the infant a few quiet months in which to learn more about its proposed job of cultivating small-business activity.

The task has been far from easy, not least because Michael B. has simultaneously had to earn a living in his other role as head of the Right Match International consultancy. But he now thinks that the Resource Exchange has grown enough to stand up in public once more, and be measured.

The project most developed to date is the one from which the whole idea started: the Invashrew invalid car designed and initially engineered by pupils at Shrewsbury School, including a lad called Paul Bretherton. The Invashrew has been taken up by Turner International of Stratford on Avon, with substantial backing from the National Research and

Development Corporation.

Another product soon to emerge to market through the exchange's assembly shop, is a do-it-yourself system giving people the opportunity of exercising various levels of skill from the near professional, through the keen amateur, to the barely recognisable. Enthusiastic work by the resources who have joined in this scheme, has given the system good prospects of a pre-Christmas launching.

Approaches to the exchange have indicated a strong interest by various organisations in what Michael Bretherton calls "seeding employment" in geographical areas (not only in the United Kingdom) which are short of jobs.

To have a good prospect of growth, "plants" of the desired kind need to be unusually hardy. And the first experimental variety is now coming to light in South London.

The process chosen is furniture-manufacture based on craft, which nevertheless can be trained into people virtually from scratch in a few months. The inventor has already trained two others who will soon be doing likewise to about 10 more, with the aid of £3,500 per head of capital furnished by the area's local authority.

"We're insisting on debugging the plant in our own local greenhouse," Mr. Bretherton says. "But it's now established well enough for us to be looking for a couple of people, probably a husband-and-wife team working on franchise, to start marketing the products direct to retail outlets in a neighbouring district." (Any-one wanting to know more should contact him at Right Match International, 5 St. James' Place, London SW1A 1NP; telephone 01-491 4737, telex 97180.)

Once debugged, this enterprise will form a model for the other aspiring job-generators on the Resource Exchange's books.

But what has become most apparent through the Resource Exchange's efforts so far is the obstacle to small-business cultivation which I indicated at the start of this column. On the one hand, Michael Bretherton has found plenty of well-organised "Wordsworths" with funds or other forms of resource they would like to invest in small concerns. On the other, he has numerous "Hölderlins" in the shape of individual business men who say they need capital. But the two sides don't seem to talk the same language.

"As a small-business man myself," Mr. Bretherton says, "I

think I can see the main problem. To a commercially advanced organisation, business is business, and a prospective development is a matter of cash-flows, previous accounts and the like. But to the person on the small side, business is very much more emotional, with the objective commercial aspects wrapped around with various personal problems that the proprietor is reluctant to discuss.

"So when pressed for cash-flows etc. they tend to start hedging to shield their personal position, giving small-businessmen the reputation of being a damned nuisance. Often the money they ask for isn't what they really need, but there doesn't seem to be any machinery to help them go deeper. Small business people with problems need to be able to discuss them as a whole with suitably experienced 'confidants' who can be relied on to make neither judgements of the person concerned nor records of the matters being discussed."

Accordingly, the Resource Exchange plans to supply this need. First, and free of charge, businessmen can meet for half an hour's initial discussions with the "confidants" available. Then if both sides think it worthwhile, they can get down to half a day's thorough

consultation at a cost to the client of about £200.

Six livewires

HEADHUNTER Geoffrey King is seeking six managers for Nexos, the National Enterprise Board subsidiary which has just acquired Ultronic Data Systems in a determined attack on the world market for advanced electronic office systems.

Based in Bristol and responsible to development director, Dr. Peter Wilby, the six will be responsible respectively for software development; hardware design; development of systems and communications; industrial engineering and development of manufacture; relations with postal and telecommunications bodies internationally; and technical and contractual administration.

Applicants for each must have unquestionably appropriate qualifications and experience which have led to rapid career advance. Age of little account. No salaries specified, but I would guess at a range of £13,000 to £17,000 or a bit more. Perks include car.

Send curriculum vitae to Mr. King at Cambridge Recruitment Consultants, 1a Rose Crescent, Cambridge CB2 3LL, or telephone for application form to 0223 311316.

Financial Controller

Abu Dhabi

c. £12,300 tax free

Urgently required by an established, British managed, steelwork contractor in Abu Dhabi. Reporting to the Managing Director, the successful candidate will be totally responsible for the financial management of his company, systems and controls he considers necessary in order to achieve efficiency within his department. We are seeking an accountant aged 28-40, locally qualified to ACMA level, with suitably senior experience, preferably gained with smallish contracting companies. Previous exposure to the Middle East would be a definite advantage.

This is a key position, carrying such benefits as high quality furnished accommodation, Company car, 100% free with child, the above costs and 50 days paid UK leave per annum. Our client will be conducting London interviews with selected candidates at the end of October, so please telephone immediately for an application form, quoting Ref. 01132. Tel. Andrew Noyes-Smith, Lansdowne Recruitment Limited, Design House, The Mall, London W1 5LS. Tel. 01-579 9642/540.

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Middle East

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Please write Box A.6937, Financial Times, 10 Cannon Street, EC4P 4BY.

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c.£12,500

Our client is a publicly-quoted financial institution with very substantial gross assets and business interests in many parts of the world.

It wishes to appoint a senior taxation specialist, whose main role will be to develop and expand the group's international taxation management service, with a particular emphasis on planning and the resolution of complex overseas technical problems.

Please send a detailed career history, listing those companies to which you would not wish to be considered, to Peter Wilson, F.C.A., at Management Appointments Limited, Recruitment Consultants, Albemarle House, 1 Albemarle Street, London W1. (Tel. 01-499 4879).

Sussex

It is unlikely that candidates will have had enough relevant experience if they are much less than 30 years of age. A professional accounting qualification (ACA, ACCA, ACMA, AAT or AICIS) or a background in the Inland Revenue are also likely prerequisites. The terms offered are generous and include non-contributory pension scheme, and full removal expenses to a most attractive part of Sussex, if this is necessary.

Please send a detailed career history, listing those companies to which you would not wish to be considered, to Peter Wilson, F.C.A., at Management Appointments Limited, Recruitment Consultants, Albemarle House, 1 Albemarle Street, London W1. (Tel. 01-499 4879).

Management Appointments Limited

PART-TIME FIELD OFFICER

(£2,000 plus expenses for a two-day week)

The Cancer Research Campaign requires a Part-time Field Officer for Kent and East Sussex to solicit donations from industrial firms in that area. This scheme, considered suitable for a recently retired and active executive, is to be set up initially for one year from December 1979.

The successful applicant will work from home or from our Sevenoaks office and will have an understanding of management, sales, and a style of approach that gets results.

Own car and current licence are essential. A mileage allowance will be paid.

For further particulars apply to The Administrative Officer, CANCER RESEARCH CAMPAIGN, 2, Carlton House Terrace, London SW1Y 5AR. Tel. 01-830 8872. Closing date for applications is first post Friday, 5th November.

YOUNG CHARTERED ACCOUNTANT

Banking

London

£9,500 + low cost mortgage

Our client is a leading international corporate bank with a small and expanding department of high calibre Chartered Accountants and EDP professionals. This department, which has responsibility for the review of procedures and controls applicable to computer systems under development, requires an additional Chartered Accountant.

Career opportunities, either within the banking operations or the financial function, are excellent. Applicants, aged 24-30 (male or female), should have demonstrable EDP systems auditing experience gained in a large professional firm. Please telephone or write to David Hogg FCA quoting reference V1875.

EMA Management Personnel Ltd, Same House, 88-89 High Holborn, London, WC1V 6LR. Telephone 01-242 7773

Accountants Essex

Our client is a UK public company with numerous subsidiaries engaged in light manufacturing. They have extensive operations covering UK and international markets. Internal promotion, coupled with expansion has resulted in the following two Head Office vacancies.

Production and Cost Accountant

c. £10,000 plus car

You will report directly to the Group Financial Director providing him with the management information on the operational performance of the numerous factories and plant within the group. You will also be involved in special projects and financial investigations into manufacturing subsidiaries.

You should be 30-45, ACMA qualified and adept in communicating with all levels of staff.

Financial Accountant c. £7,500 plus car

Reporting directly to the Financial Director, you will be responsible for the full treasury function to the group.

You should be 25-30 and probably a newly qualified ACA.

Benefits for both posts include company pension schemes, BUPA, excellent prospects within the group, four weeks holiday p.a. and re-location expenses where necessary.

Please contact: Richard May/Ruth O'Neill on Chelmsford (0245) 60234 or write to PER, Cater House, 49 High Street, Chelmsford CM1 1DE. (Answering service out of hours (0245) 60235).

Applications are welcome from both men and women.

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There is a very attractive package, ensuring a high standard of living, including profit participation, car, pension, annual home leave and assistance with house purchase. Initially, a three-year contract will be offered and the opportunity to visit the company will be afforded to the selected candidate before finalisation of the appointment.

Applications, containing brief career and personal details, should be sent to Ref: MA 238, Robert Marshall Advertising Limited, 31 Wellington Street, London WC2E 7DJ.

Robert Marshall
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Chief Accountant

Salary c. £15,000 + Company Car

Applications are invited from qualified accountants between the ages of 35 and 45 for the appointment of Chief Accountant which will shortly become vacant due to retirement.

The Company is based in Hatfield, Herts, and supplies a population of about 1,000,000 over an area of 860 square miles to the North of London.

The issued capital of the Company amounts to £20m and the annual income/expenditure is almost £9m. The Chief Accountant is responsible for the company's computerised financial accounting systems, for the preparation of interim and annual accounts and annual budgets. A knowledge of company taxation and pension scheme administration is desirable. The staff under the direct control of the chief accountant numbers in excess of sixty.

The person appointed will be required to join the Water Companies Association (contributory) Pension Scheme.

Assistance with relocation expenses will be provided where appropriate.

Applications giving details of present appointment with salary and all other relevant information, including qualifications and experience together with the names of two professional referees, should be addressed to: K. J. Reynolds, General Manager, Lee Valley Water Company, Bishops Rise, Hatfield, Herts, marked 'CONFIDENTIAL' so as to arrive not later than Monday, 29 October, 1979.

LEE VALLEY WATER COMPANY

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West of London c.£17,000

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Candidates, male or female, must be Chartered Accountants and are not likely to be aged under 35.

They will have had extensive relevant experience in large scale manufacturing industry at senior level where they will have made a demonstrable contribution to the commercial and financial development of the business.

Salary is negotiable and amongst the benefits offered are a company car, BUPA and a contributory pension scheme. Relocation expenses will be paid where relevant.

Please write immediately in confidence, with brief relevant career details to M. G. Johnson at Bull, Holmes (Management) Limited, 45 Albemarle Street, London W1X 3FE, quoting ref. 844.

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Please write in detail to: Recruitment Manager, Dept. A.656, Cable & Wireless Limited, Mercury House, Theobalds Road, London WC1X 8XX. Tel. 01-242 4455 ext. 4008.

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wards**BRANCH MANAGER**

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A competitive salary will be offered together with an attractive benefits package which includes a non-contributory pension scheme, company car and relocation expenses will be considered if applicable.

Please write giving full career details and current salary to:

Mr. J. W. Lloyd,
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Wolverhampton WV2 2QA.
Telephone: 57822.

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Applications are invited from recent honours graduates in economics for the post of Economist on the staff of the Economics Section of the Treasury.

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The successful applicant will be concerned with the collection, collation and evaluation of information about the various forms of economic activity in the Island and the maintenance of an Index of Retail Prices. Further details can be obtained from the Senior Economist (Tel: 0624-26262 Ext. 2314).

Applications stating full name, address, date of birth, qualifications and experience, together with the names and addresses of two referees, should be submitted to the Acting Secretary, Civil Service Commission, Central Government Offices, Douglas, on or before the 2nd November, 1979.

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We need a manager for our Box Office to organise and control our staff of sixteen in probably the busiest Box Office in the country.

Experience of book-keeping or accountancy and staff management is necessary, as is the temperament to work well under pressure.

We would prefer someone with previous Box Office management experience but a suitable adaptable person with an outgoing personality, able to work well with both patrons and staff will be considered and given the opportunity to prove his or her worth.

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Applications to:

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Please write to R. J. Williamson quoting reference 830/FT on both envelope and letter.

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c. £15K + Prestige Car.

Quinton Hazell Limited is a highly successful £150 million a year turnover Group of companies employing some 7500 people worldwide and part of the Bumah Oil Company. A world leader in the manufacture and distribution of motor components the Group has built an international reputation for the design, innovation and production of quality parts.

Autumn 1980 is scheduled for the opening of a new custom-built, computer centre at Batsell Common, a select residential area on the outskirts of Coventry. The centre will house some 60 systems services staff and an ICL 2980/10, operating under VME/B linked to minicomputers and microprocessors at various sites around the country. The first stage of a long-term objective to introduce extensive distributed processing within the organisation has been successfully completed. On-line order entry and stock distribution systems are presently controlling the main activities at the company's warehouses at Nuneaton and Watton where DEC 11/70 minicomputers have recently been installed. An initial microprocessor order has been placed for introduction in the 130 strong Partco wholesaling chain. It is anticipated that a large scale integrated network will be built over the next few years to integrate into the Group's activities. A Management Services Manager is now sought to manage the DP, O & M and O & R functions and to be responsible for investigating, planning and developing dynamic marketing, financial, manufacturing and distribution systems. Systems which will integrate with its policy of designing fully decentralised information systems, via a centrally based systems development team.

Aged in your mid thirties to forties, you will have maturity, presence and the in-depth management experience fundamental to this senior executive role. A role which will demand from you major contributions to the Group's corporate strategy.

A man or woman with proven man-management skills and a solid systems management background — preferably ICL — you will have a disciplined approach and the ability to relate to grass root technical problems.

Previous systems experience in a retail/wholesale or production environment would be a distinct advantage for this challenging appointment within this progressive organisation.

The salary will be negotiable as indicated, a prestige company car will be provided and the excellent fringe benefits include BUPA and generous assistance will of course, be given with relocation where appropriate.

Please write or telephone for an application form to: Mr. J. J. Ritchie,
Personal Director, Quinton Hazell Limited, Hazell House, Blackdown,
Leamington Spa, Warwickshire. Telephone: 0926 29121.

**Quinton Hazell Ltd****Senior Financial
Analysts****Agdestbury****c. £9,500**

Our client forms the Headquarters of one of the world's most successful marketing and manufacturing organisations.

Following internal promotions, they now require two young, ambitious individuals, one in each of the following business areas:

● Balance Sheet Planning — where you will be involved in the analysis of financial data upon which effective business decisions can be made.

● Asset Management Reporting — the team controls and analyses divisional assets and funding data on a current and forecast basis.

You will be aided in these functions by highly sophisticated computerised systems and analytical tools.

Ideally aged 25/30 you will be a numerate graduate, and a qualified member of a professional accounting body, with 2/4 years industrial financial analytical experience.

Although your qualification and a good professional background are essential, more important still are the personal qualities you will need to succeed. Energy, self-motivation, ambition and flair should be combined with real management potential and a genuine desire for total involvement.

Please telephone or write quoting Ref. RG 2692.

**Lloyd Chapman
Associates**

123, New Bond Street, London W1Y 0HR 01-499 7761

**Financial Policy
Officer**

The International Finance Corporation, an established international investment institution based in Washington D.C., and an affiliate of the World Bank, is seeking a Financial Policy Officer for its Finance and Management Department.

The primary function of this position will be the analysis of financial policy issues and special projects in the areas of financial operations and portfolio experience. Attention will focus on a wide range of financial policy issues, such as those relating to IFC's resources, borrowing arrangements, portfolio experience and characteristics, interest rate, and reserve policies. In addition the position will involve systematic monitoring of the financial operations of the corporation.

Applicants should have an advanced university degree or equivalent in finance (corporate or public) or business administration, with 3 to 5 years' relevant financial experience. The ability to write clear and concise reports is essential as is a critical and analytical approach to work.

A competitive benefits package is offered, including relocation expenses on appointment and provision to maintain ties with home country.

Applications will be treated confidentially. Please send resumé to:
Miss Katherine Louthood, International Finance Corporation,
1818 H Street, N.W., Washington D.C. 2043, USA.

**INTERNATIONAL
FINANCE CORPORATION****FINANCIAL
CONTROLLER**

City from £12,500 + car

Our client, ROTHCHILD INVESTMENT TRUST LIMITED, wishes to recruit a chartered accountant as financial controller to join the small top management team, reporting to the managing director.

Responsibilities will include group accounts, management and statistical information, administration and internal control, budgeting, banking, group tax, relationships with city institutions, and statutory secretarial work for subsidiary companies.

The successful candidate will be a member of a small team, working in close co-operation with the Group's Secretary and will be an able, mature and intelligent person, preferably aged 35 to 45, with a disciplined attitude and used to working under pressure. Experience of the City and some linguistic ability would be helpful. The salary is negotiable from £12,500 p.a. plus car and appropriate benefits; future prospects are excellent.

Applicants should write in complete confidence giving full details of previous experience and current salary to J. W. Hills, Arian Impcy Morris, Management Consultants, 40/43 Chancery Lane, London WC2A 1J quoting reference C1567.

A.I.M.**MANAGEMENT
CONSULTANCY****EXECUTIVE SEARCH AND SELECTION****CONSULTANT: PARTNER & DIRECTOR****London W1****£15,000-£20,000**

Become a Senior member of our highly successful Consultancy Team. Control, develop and directly share in your own success! Act for some of industry's top companies.

Our Consultancy Practice: Our reputation is enviable. In 3 years, we have developed our UK and International business, acting for some of the most important UK companies. Top level assignments have spanned the globe: Europe, the Far East, the Americas. New business is developing daily. We pride ourselves on providing the best quality and in-depth service of any UK consultancy.

Your Opportunity: Become the final partner in our practice. Assume responsibility for servicing and developing our growing clientele. Train in Merton's unique consultancy concepts. Rapidly establish

yourself as an integral part of our successful team. Create a career for yourself which directly rewards your efforts.

Your Background: An accomplished business manager. An individual who believes a company's manpower is its most vital asset, deserving the time, effort and in-depth analysis necessary to evaluate a problem and evolve the optimum solution. You will be: Analytical • Resourceful • Practical • Highly personable... above all, deeply knowledgeable about all facets of managing multifarious companies.

ACT NOW! To discuss the position further (in the strictest of confidence) simply telephone Michael A. Silverman MP, Merton Associates, on 01-388 2051.

This appointment is open to male/female applicants.

M MERTON ASSOCIATES (CONSULTANTS) LIMITED.
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

EUROCURRENCY CREDIT**ANALYSIS — ADMIN. — MARKETING — SYNDICATION****£6,000-£11,000**

We have a number of clients offering first class career opportunities in various aspects of credit and lending.

In every case, the essential demand is a background incorporating sound training and relevant practical experience. More specific requirements include linguistic skills (especially Spanish/Portuguese, German) or knowledge of such specialised fields as shipping, commodities, petroleum, etc.

To discuss these possibilities in the light of your own particular career objectives, please telephone either Ann Costello or John Chiverton, A.I.B.

JOHN**CHIVERTON****ASSOCIATES LTD.**

31, SOUTHAMPTON ROW,
LONDON, W.C.1.
01-242-5841

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

**INSTITUTIONAL SALES
(U.S. EQUITIES)
NEW YORK**

A major U.S. investment bank seeks an additional Executive Salesman to assist in the servicing of existing institutional clients and the development of new relationships in England and Scotland. The position is based in New York but requires regular visits to the U.K.

Applicants, ideally in the age range 25-35, must have good institutional contacts and a knowledge of the U.S. stockmarket would be preferred.

Salary is negotiable and will depend on experience. The right individual will find the financial opportunity attractive. Generous consideration will be given towards relocation and other expenses.

Please contact ROY WEBB in the first instance.
All enquiries will be treated in strict confidence.

First floor—entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

Senior Finance Executive

City £13,500 negotiable

This long established City management company provides services to an expanding group of medium sized public companies. They now require a Senior Finance Executive to be responsible to the Boards. The role will include the supervision of the financial control, accounting and secretarial functions, and advising the Boards on all aspects of the group's financial affairs. This is a new position to enable the Boards to be kept fully informed on all matters of consequence throughout the group.

Candidates should be Chartered Accountants, between 35-45, with a broad financial experience likely to have been gained in the City. A blend of business and administrative experience is required together with the personality to contribute effectively to the continued success of the group.

Salary is negotiable in the region of £13,500 and a car is provided together with other benefits. It is envisaged that a Directorship will be offered in due course.

Please write with full personal details, in confidence, to James Donald at the address below:

D. Gardiner Associates

Appointment Consultants, 2nd Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-353 1894/1169.

DIRECTOR - TAX CONSULTANCY

City Based

c. £20,000 + Profit Share + Car

One of the largest and best-known London based tax consultancies with a well-established client list wishes to recruit a Director.

Candidates will probably be qualified Chartered Accountants, Barristers or Solicitors, aged between 35 and 45, with experience of both corporate and personal tax at partner or equivalent level.

Applicants must have the ability to lead a creative and imaginative consultancy team.

The career prospects, coupled with the high earnings potential, are exceptional.

Please write with full personal and career details, marked Private and Confidential, to:

Alan Rook, FCA, Director,
Financial Techniques / Planning Services Limited
Hillgate House, Old Bailey, London EC4M 7BS

STOCKBROKING SENIOR INVESTMENT ANALYSTS Up to £20,000

Our client is a London institutional firm with a specialist Research Department wishing to appoint two senior investment analysts, one in the brewing sector and one covering retailing.

The ideal candidates will have established themselves as leading authorities in their sectors, both with institutions and within the industries concerned.

Please send a comprehensive career résumé, including salary history, in confidence, quoting ref. 1013, to W. L. Tait.



Touche Ross & Co. Management Consultants

4 London Wall Buildings,
London, EC2M 5UJ
Tel: 01-588 6644

FINANCE DIRECTOR

Northern Nigeria

£20,000-£25,000
+ House, Car & Benefits

The subsidiary of a publicly quoted group with worldwide interests, our client has a turnover of £20m and in excess of 100 employees.

Reporting to and deputising for the Managing Director, the successful candidate will have broad responsibilities encompassing both the finance and general management areas. Of particular importance is the development of internal controls and ensuring adherence to the disciplines of a major group.

Candidates must be qualified accountants, probably in their late 20's or early 30's, who have gained experience in industry. They must be self motivated playing a key role in the company's management.

Initially, the appointment is for a period of two years but the company can offer long term prospects both in the U.K. and overseas.

Benefits are excellent and include housing and a company car. Northern Nigeria has a pleasant climate and offers good recreation facilities.

For detailed information and a personal history form please contact either Nigel V. Smith, A.C.A., or Peter Dawson quoting reference 2636.

Commercial/Industrial Division
Douglas Lambie Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501.
121, St. Vincent Street, Glasgow G2 7AA. Tel: 041-226 3101.
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744



Job Search OPPORTUNITIES

● 75% of Executive Appointments over £10,000 p.a. are unpublished and go to those with the best contacts.

● As Europe's most experienced Job Search organisation we can provide you with all the facilities you need to build up contacts and locate your next employer.

● Our expert career advisory service is essential to executives who become vulnerable to the current fast changing market conditions.

● Telephone us for a cost free assessment meeting.

Percy **COUTTS & Co.**
01-839 2271

140 Grand Buildings,
Trafalgar Square,
London WC2.

Overseas Accountants

KENYA

ZAMBIA

We are advising a major British Group in the service industry whose worldwide reputation is synonymous with integrity and efficiency. Continuous and profitable expansion and an unblemished record of ethical business dealings are due to the attention paid to the selection and development of staff.

Planned rotation and promotion now exceptionally dictates recruitment from outside the group to fill the following Chief Accountant posts.

KENYA £8,500 neg. + benefits

This post calls for a qualified Accountant probably aged 30+ who has a marked ability to control, motivate and develop subordinate staff. Commercial experience, computer familiarity and the self discipline necessary to produce reports to strict deadlines are important attributes, as are self reliance and integrity. Some previous overseas experience would also be a useful asset. A 3 year contract on a married or single status is envisaged. K908.

ZAMBIA £15,000 neg. + benefits + 25% terminal gratuity

Located in a main population centre, scope and involvement are the keynotes of this appointment. As the senior financial executive, responsibilities will include every aspect of the company's financial operations and the supervision and training of local staff. The ability to negotiate at senior level, assess contract profitability and integrate with the local management team are necessary attributes for a qualified accountant who has maturity and management ability. A 2 year renewable contract on a married or single status basis is proposed. Z903.

In both cases, FREE HOUSING, company car and negotiable allowances plus generous leave facilities provided. Please apply to L. S. O'Hare, Mann Management, 124 New Bond Street, LONDON W1Y 5AE - 01-409 1371, quoting the appropriate reference.

MANN
MANAGEMENT

Stockbroking

U.K. EQUITIES

to £10,000 + bonus
A high calibre individual 25-32, with research and/or sales exp. to join general institutional desk of large firm offering partnership prospects.

OIL ANALYST

£8,000-£12,000
A graduate with at least 3 yrs. investment research exp. and good knowledge of Oil industry to work with sales-man/analyst and develop team in well-known firm.

TOBACCO ANALYST

to £8,000 + bonus
An exp. tobacco analyst to take over responsibility for sector and, possibly, breweries, with medium reputable firm.

EUROPEAN SALES

to £10,000 + bonus
Graduate with a good understanding of European equities to join team and sell to UK institutions with top firm.

Banking

PROPERTY FINANCE

£10,000
A graduate with 3-4 years' exp. of secure property finance, gained within a reputable bank, for a leading UK Merchant Bank offering excellent prospects.

CREDIT ANALYSIS

£8,000
Graduate with at least 2 yrs. exp. of American credit analysis techniques to join professional team in major U.S. Bank.

Stephens Selection

35 Dover Street, London W1X 3RA. 01-483 0517
Recruitment Consultants

Laing & Cruickshank

ECONOMIST

Laing and Cruickshank requires an additional experienced economist to work in the gilt-edged department.

The duties include the preparation of reports on the economy and gilt-edged market and liaison with institutional clients. We are looking for a candidate with relevant experience in the City, government or economic research.

Please write in confidence to:

Mark Evans, Laing & Cruickshank, The Stock Exchange, EC2

Chief Executive for the London Metal Exchange

This is an important new appointment in which the successful applicant will perform many of the duties now carried out by the Chairman of the Board, to whom he will be directly responsible.

The applicant should have administrative experience and have practice in public speaking. Fluency in French, German and/or Spanish an advantage.

Applicants should have held a position of responsibility in the metal trade, stock markets, terminal markets or similar institutions, preferably in the City of London. It is unlikely the successful applicant will be under the age of 40.

Applications giving full details of educational qualifications and business career, marked Private & Confidential, to be addressed to:-

The Chairman
The Metal Market & Exchange Co. Ltd.
1, Metal Exchange Buildings,
Whittington Avenue, London, EC3V 1LB

All applications will be treated in the strictest confidence.

International Marketing Director

Engineering

c. £20,000

for a major British company whose high technology, coupled with enlightened management, have consistently made it the leader in its world markets with outstanding profitability. Sales, annually approaching £100m, are of discrete units, prices upwards of £100,000, or £multi-million contracts, direct to manufacturers or through subsidiary companies or agents around the world.

The Marketing Director will assume control of the existing sales organisation and will be expected to play a full corporate role with colleagues in the technical, production and financial functions in determining the strategy and product policy of the business. World travel will be necessary but should not exceed 20% of the director's time.

Candidates, aged around 40 should be engineers with good international marketing experience, preferably in the mechanical engineering field. Location London. Excellent prospects.

Please write, in strict confidence, giving brief details of age, experience, qualifications and present earnings quoting Ref. 670/FT to:

CB-Linnell Limited

8 Oxford Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM - LONDON

Sales and Marketing Director- Consumer Products

This new appointment - to the main Board of Storey Brothers and Company Limited, a major Turner & Newall company - heads the Consumer Products Division which markets Storeys wallcoverings and other decor products directly and through UK and overseas selling subsidiaries. The Division's sales already exceed £20 million a year.

The new Director will be fully accountable for generating profits from a complex market, and for effectively co-ordinating 300 people in established sales, design, product and business development teams within or serving the Division.

Candidates should have proven sales and marketing management ability in fast moving consumer products, preferably with a high design content. Experience in the wallcoverings industry and international operations could be appropriate.

A salary well into five figures and a car will be offered. The other benefits fully match this level of appointment. Re-location assistance to Lancaster will be generous.

Please send full career details in confidence to:- P. L. Stiles, Personnel Director, Storey Brothers and Company Limited, White Cross, Lancaster LA1 4XH.

STOREYS
LANCASTER

TURNER
& NEWALL
LIMITED

Management Accountant

Unser auftraggeber ist eine europäische Chemiegruppe mit Tochtergesellschaften in UK, Spanien und Deutschland, wo sich auch der Hauptsitz der Gesellschaft befindet. Die Firma ist Hersteller von Chemischen Zwischenprodukten für die Kosmetik, Waschmittel und Chemisch-technische Industrie. Sie wurde vor kurzem von einem amerikanischen Chemieunternehmen übernommen, das die Firmengruppe in Europa, insbesondere auch in England, weiter ausbauen will.

In diesem Zusammenhang wird für die Berichterstattung im Finanz und Rechnungswesen ein junger Bilanzbuchhalter gesucht, der nach Möglichkeit Industrieerfahrung und auch Erfahrung im Management Accounting hat. Er koordiniert das Monatsberichtswesen der einzelnen Gesellschaften, konsolidiert und berichtet nach US-Accounting Principles. Bilanzsicherheit ist erforderlich sowie fließende Englische und Deutsche Sprachkenntnisse.

Interessierten bewerber, die bereit sind, sich in landschaftlich reizvollem Ort etwa 60 km Oestlich von Frankfurt anzusiedeln, werden interessante Entwicklungsmöglichkeiten geboten.

Richten sie ihre Bewerbung oder rufen sie Gerald Brown (an reference 6453).

mh Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants

01-404 5801

INTERNATIONAL FINANCIAL DIRECTOR

MAJOR ADVERTISING GROUP

London

c£15,000 + Car

Important, new post in a respected, established, dynamic international advertising agency group, involving: Performance appraisal • Subsidiary result consolidation • Reporting systems.

Our Client: European Region of renowned, world-wide, advertising group, committed to growth and actively sustaining their leading position.

Annual billings over £300 million from strong European office network, with major national/international accounts.

Your Opportunity: To identify profitable opportunities • Improve reporting systems • Coordinate and contribute to budgets of region • Monitor and evaluate performance, identifying vital action necessary • Advise the Regional Chief Executive.

Your Background: Qualified accountant, experienced in: Overseas subsidiary consolidation • Continental accounting conventions • Reporting system development • Foreign exchange • Performance appraisal • Analyses and projections • Budget supervision.

Your Rewards: Generous basic salary + Incentive scheme + Car + BUPA + Life Assurance + Pension Scheme + Career with an industry leader.

ACT NOW! Telephone or Write, in confidence, to the Group's adviser, Tony Barker Director on 01-388 2051 for 01-388 2055, 24 hr Answerphone, Reference 347.

This appointment is open to male/female candidates.

MERTON ASSOCIATES (CONSULTANTS) LIMITED
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

CURRENTLY IN TAXATION SEEKING A CAREER MOVE?

CITY BASED

OIL INDUSTRY

C £9,500

Our client, a major international oil company, seeks a suitably qualified person to fill a vacancy in their Group Tax Department.

Applicants, who should be aged between 25-32, must have 1-2 years experience in corporate tax computation work. Whilst the initial appointment will be as a Tax Computation Accountant there is scope to move into Taxation Management or into other areas not necessarily confined to taxation.

Current salary levels together with a non-contributory scheme, subsidised lunches and excellent sport and social facilities, represent outstanding conditions of employment. Interested candidates should telephone Roger Tipler who will be pleased to contact you outside office hours should this be more suitable.

Michael Page Partnership

18/19 Sandland Street, Bedford Row, London W.C.1.
01-242 0965/8

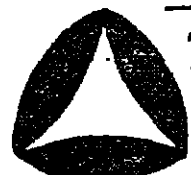
TEXTILE ANALYST

Our client, a leading firm of City Stockbrokers, wishes to fill a vacancy in the Research Department, which has a high reputation established over a long period of time. The post demands a full coverage of the textile sector in support of an institutional sales team.

The successful candidate will be a graduate or professionally qualified, and either an established investment analyst or currently employed by one of the major textile companies as an economist, marketing executive or corporate planner.

Applications will be forwarded direct to our client. Please indicate in a covering letter, any firms to whom you do not wish to apply.

Please send a comprehensive career résumé, including salary history, quoting ref. 1015, to W. L. Tait



Touche Ross & Co. Management Consultants

4 London Wall Buildings, London, EC2M 5UJ.
Tel: 01-588 6644

Creative Accounting

Central London

c£9,000

An established British industrial group with home and overseas interests seeks a young qualified accountant (preferably a graduate) to join its small central team responsible for interpreting group information and advising on all financial aspects of its operations.

This is an exceptional opportunity to gain varied experience in such fields as acquisition appraisal, profitability studies, efficiency reviews, inflation accounting and special reports for board presentation - all for specific purposes with a minimum of routine.

Excellent promotion opportunities will arise through working closely with senior management of all disciplines both at holding company and subsidiary level.

Contact David K.L. Tod, BSc. FCA on 01-405 3499
quoting reference DT/359/CAF

Lloyd Management

Recruitment Consultants
125 High Holborn, London WC1V 6QA

01-405 3499

E.D.P. AUDIT SPECIALIST

Brussels

United Technologies, a U.S. multi-market international corporation, is seeking to strengthen its Internal Audit Department in Europe through the appointment of an E.D.P. audit specialist, who will perform the following tasks, working in conjunction with general staff auditors:

- Application system reviews
- Controls and security reviews
- Data extraction activities
- Reporting administratively to the European Audit Manager in Brussels, but technically to the Specialist Audit Support Group in Hartford, Connecticut, U.S.A., the successful candidate will have the following experience and qualifications:
- Three or more years performing E.D.P. audit field work in a medium to large maintenance environment.
- Experience in developing or supporting commercial or manufacturing systems.
- Knowledge of data extraction software and
- data centre operating practices.
- Fluency in English. Knowledge of one or more other languages is also desirable.
- A willingness to spend a significant proportion of time at various operating locations in Europe and periodically visit the U.S.A.

EXPERIENCED ACCOUNTANTS

Applications are also invited from experienced accountants for positions on the general audit staff of this rapidly-expanding department.

Please write giving brief C.V. and contact address and telephone number to:



The Manager - Internal Audit,
UNITED TECHNOLOGIES (EUROPE) INC.,
7 Avenue Lloyd George,
1050-BRUSSELS.

UNITED TECHNOLOGIES

FOOD INDUSTRY

VACANCIES

Phone for list 0782-2914.
Engineering/Technical/
Management/Commerce.
Senior Personnel Appts.
Stoke-on-Trent.

BANKING APPOINTMENTS

INVESTMENT DEALER

c. £6,500 + Excellent Perks.
Age 25/28 only, required for
prestigious Bank, in the City to
work with "three other" staff.
Must have had at least two years experience in investment dealing and must be able to provide evidence of success.
Rise for appointment 203 602/603
V.P.N. Employment

BANKING APPOINTMENTS

O & M OFFICER

c. £5,500/£6,000 + Excellent Perks.
Age 25 plus, required by prestigious
O & M training and be capable of working on own initiative, controlling
in studies, team design and simple recording procedures.
Rise for appointment 203 602/603
V.P.N. Employment

SALES EXECUTIVE REQUIRED

Worldwide Audio Visual and Entertainment Organisation.

Required to travel extensively. Essential that applicants be used to self-motivation and able to deal with prospective clients at senior level. Remuneration by negotiation but commission and bonus will establish basic salary approximately £12,000 in first year.

Applications to
PENNY WILLIAMS
8 Harwood Road, London SW6

INTERNATIONAL TREASURER AND BANKER

41, Swiss citizen, Belgian resident, university graduate, fluent English, French, German and Italian, 8 years' experience as treasurer of American company and 8 years' banking experience as loan officer is looking for challenging position. Willing to relocate.

Write Box F.1162, Financial Times,
10, Cannon Street, EC4P 4BY.

MADRID

Leading international bank is looking for a young, mature

HEAD OF CONTROL DEPARTMENT

with local experience for its Madrid Branch.

Applications in confidence to
Apartado de Correos n.º 2387,
Madrid, Spain.

INSURANCE/REINSURANCE, BERMUDA SENIOR MARINE UNDERWRITER

Age open.

Tax free salary full neg.

Have you the qualities needed to handle the complete Marine Portfolio of a well established active underwriting company in Bermuda? You will need local underwriting experience in London or overseas to control a mixed direct and reinsurance account total of \$10,000,000. Split 60% reinsurance to London and 40% to Bermuda. Business is supported by London brokers but includes North American and Continental submissions. The Company is prepared to pay well for your experience and use it to its full advantage.

Please immediately as client is visiting UK week beginning 22nd October, 1979.

ANDREW P. MOORE, A.C.I.I.

Moore & Weeks Ltd

Personal Recruitment,
Corn Exchange Building, 52/57 Mark Lane,
London EC3R 7QD. Tel: 01-481 1506

INTERNATIONAL MARKETING

with the
ANGLO-CONTINENTAL
EDUCATIONAL GROUP

MARKETING EXECUTIVES required to join a young active marketing team based in Bournemouth, travelling overseas promoting the world's leading group of English Language Schools. Essential requirements: first-class English, fluent command of a European language and good marketing experience. Starting salary not less than £5,000 per annum.

MARKETING ASSISTANTS to help the marketing executive team, assuming considerable responsibility during the executives' absence abroad, and travelling overseas after training. Good command of a European language essential. Initial salary about £4,000 per annum.

Please write for an application form and particulars to:
ANGLO-CONTINENTAL EDUCATIONAL GROUP
33 Wimborne Road, Bournemouth BH2 8NA
or telephone Bournemouth 22414, Ext. 210

GILT MARKET DEALER

Stockbroker with well established Gilt-edged business requires a dealer to service this specialist department. Two years' experience in this market is desirable.

Write Box A.6943, Financial Times,
10, Cannon Street, EC4P 4BY.

General Management — Knitwear

Five-figure salary

Scotland

This highly successful, medium-sized knitwear manufacturer employing over 400 in Central Scotland, seeks an experienced individual with high potential, who will assume immediate responsibility for a large part of the company. The person appointed will deputise for the Chief Executive and be able to succeed him in approximately five years. Candidates, male or female, aged 35-45, must have a demonstrable record of

success in the knitwear industry. Although experience of manufacturing in particular is looked for, candidates must also have general management skills. Salary will not be a barrier in recruiting a high calibre individual and other benefits will be in line with first-class company practices.

(PA Personnel Services Ref. GM45/7090/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hobart House, 66 Hanover Street, Edinburgh EH2 1EL. Telephone: 031-225 4181. Telex: 72556



A member of PA Ltd. (Incorporated)

Management Accounting Manager

c. £14,000

age 26-32

Exceptionally able accountants in their mid-twenties to early thirties will be attracted to this post for two main reasons.

First, it is a substantial management role with responsibility, through a staff of 20, for all manufacturing cost and brand profitability accounting on Pedigree Petfoods' multi-million operation. The Management Accounting Manager has his or her finger on the pulse of the company's commercial operations, and is in a strong position to recommend action on marketing strategy, materials utilisation, product formulation or any other factor affecting profitability.

Secondly, Pedigree Petfoods can offer exposure to a uniquely successful business environment based on highly efficient use of assets, continuous investment in new plant and technology, and the latest accounting techniques. The Management Accounting Manager can expect both to learn from these progressive monitoring and control practices, and to contribute to their further development.

Applicants should be well qualified accountants who have gained a good breadth of experience, either in industry where they will probably have been involved with more than one aspect of financial management, or possibly from the profession serving large industrial clients. They will have demonstrable management skills and will have a particular talent for communicating outside their own discipline. Exposure to computer programming methods would be useful.

Salary will be around £14,000 and there is a wide range of benefits including a non-contributory pension and full assistance with relocation to this attractive part of the Midlands. Career prospects are excellent for the right person.

For more information please ring or write to:
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Thursday October 18 1979

Unions and leadership

THIS WEEK there have been some encouraging signs that union leaders are prepared to exercise leadership. First, the executive of the Amalgamated Union of Engineering Workers decided to appeal directly to its members at Chrysler's Solihull engine plant and urge them to return to work on the company's terms, despite the shop stewards' recommendation that they should stay out on strike. Second, the Confederation of Shipbuilding and Engineering Unions has decided to back Sir Michael Edwards' plan for rationalising BL—a plan which has been totally rejected by senior shop stewards in the company.

Reputations

It is true that these two industrial situations are, to say the least of it, unusual. The management at Chrysler made it absolutely clear that they will not budge from their existing offer, while there is little reason to doubt the French owners' willingness to close down the UK operation if it becomes necessary to do so. As for BL, Sir Michael's message, reinforced by Ministers and by the NEB, that there is a real prospect of liquidating the company if the plan does not go through, seems to be getting across. Nevertheless, it requires some courage on the part of national union officials to go against the views of the shop stewards most directly concerned with the companies; the national officials are putting their own reputations, and that of their union, very much on the line.

There is no particular joy for management in seeing trade union officials at loggerheads with their own shop stewards, but the two episodes suggest at least the possibility of securing some union co-operation in carrying through the changes which are going to be needed in British industry over the next few years. These changes, of course, are the responsibility of management; the fact that they are necessary is due to past management failures, not to the shortcomings of the trade unions or their members. But unions can exert a strong negative influence on management's ability to modernise their businesses, even to the extent of forcing them into bankruptcy. It is surely not unreasonable to expect national full-time union officials to understand the com-

mercial realities and to communicate their views to the members.

The relationship between shop stewards and full-time union officials is often a delicate one. For most union members the shop steward is the union. He is the person who has the most intimate knowledge of shop-floor anxieties and of management attitudes and behaviour. In theory he should represent the interests of the union in the plant and convey the views of the employees to the union. In practice, because of the growth of plant-level bargaining, he may enjoy in the eyes of shop floor and management a degree of independence and authority which is far greater than that of the full-time official. The formation by senior shop stewards of unofficial company-wide "combine committees" can be an embarrassment to the union leadership because they represent a rival source of power. The existence of several competing power centres has been one of the factors which has complicated labour relations in BL. Management often prefers to deal with the shop steward than with the full-time official because the former knows more about the problems and speaks with more authority on behalf of the employees. Yet if communications between management and employees are to be improved within the factory and, more especially, within a multinational company like BL, the involvement both of shop stewards and of union officials is essential.

Discipline

The tradition of British unions is not one in which national officials can exert tight discipline over their members, as they do in the U.S. and some other countries. Authority is more decentralised in the UK and there are some advantages in this. The balance of power between shop floor representatives and full-time officials varies from union to union and will continue to do so. But whatever the internal structure of their union, national leaders, looking at the problems of a company and an industry from a wider perspective, have a responsibility to form their own views and to argue their case with the shop stewards and, if necessary, directly with the shop floor.

A truce in the lamb trade war

THE CEASEFIRE in the battle over Britain's lamb trade with France agreed in Luxembourg this week illustrates how sound practical considerations can still triumph over the distracting and destructive influences of jingoism, political posturing and sub-thumping so common in the Council of Ministers' debates. Britain won full support from the Commission and seven ministers for its demands that the French should recognise the European Court's recent ruling and stop obstructing lamb exports from the UK. The French also gained by winning a valuable two-week breathing space.

Production

All that is required now is that the trends of sheep production should follow their traditional pattern in the next fortnight, and with only a small measure of luck relative peace should be restored for a good six months at least. Given that amount of time the Ministers should be able to settle finally on a Community regime for the sheep trade and put the recent squabbles behind them. France finds it impossible to open its market to British lamb immediately because French market prices are already unusually low and an influx of imports would depress them even further and cause serious civil disruption. In the next few weeks, however, as lamb supplies fall in France prices can be expected to improve dramatically. At the same time the last of the autumn glut of British lamb will disappear, and there will be little available for export.

In these circumstances exports from the UK will not present any danger to the French producers until the new year crop of spring lambs is ready next summer. At the Farm Ministers' meeting Britain's honour was satisfied by the backing from the rest of the Community on a vital matter of principle, while France was freed from the danger of severe political disruption and violent demonstrations among its vociferous and often violent farming population. It is to be hoped that a similar blend of common sense and political goodwill can be applied to the other major issues of con-

tention threatening the equilibrium of the EEC: fishing policy and budget contributions.

Deliberately

The lamb issue was brought to a head by a court ruling, but the negotiations over fishing policy and the row over Britain's right to administer its 200-mile zone unilaterally are unlikely to be influenced by any similar judgment for a matter of months. The Commission has deliberately set out to ensure that the court proceedings over fish will be as protracted as possible. The reason is that the Brussels executive, taking a creditably far-sighted view, recognises that fishing is of high political and economic significance within the Nine. Court rulings against Britain, while satisfying for legal purists, would undoubtedly do more harm than good to the delicate political negotiations.

So sensitive is this issue that it is expected to figure on the agenda at the forthcoming EEC summit in Dublin together with the British demand that budget imbalances must be corrected. No one can expect a straightforward trade off of fish for a cut in Britain's net contribution to the cost of running the Community. But there is little hope that other EEC members, particularly the French, will be willing fundamentally to change the budget mechanism—and that, after all, is what is required—without some concessions from Britain which controls 60 per cent of the Community's fish in its national waters.

Last resort

Mrs Thatcher is wholly committed to righting the wrongs of the current budget mechanism, but she is not likely to gain much ground without making changes in the British approach to fishing policy. The alternative would appear to be for Britain to withhold part of its Community dues, but since Mrs Thatcher is also committed to breaking out of the era of confrontation which has held the Community back for so long, such dramatic steps would only be taken as a last resort.

Turkey: living with Ecevit's legacy of despair

BY DAVID TONGE

IT was a poisoned chalice that Mr. Bülent Ecevit took when he became Prime Minister of Turkey at the beginning of 1978. The economy was in tatters, political violence raging, the country's institutions tarnished and challenged. Now he has finally succumbed. From being lord of the manor—however much that had been mortgaged by his predecessor—he has become a mere caretaker. And with him have withered the hopes of a generation that believed that Turkey had embarked on a moderate, reformist road to modernisation.

Political uncertainty is likely to be protracted, causing anxious days for the West. The chancellor of NATO, still smarting from development in Iran, are only too aware of the country's strategic importance and the danger of a power vacuum in the Aegean. The Cyprus dispute and the Turkish veto on Greek re-entry to the military wing of the alliance.

There are pressing worries for the world's banks who are immersed in the quagmire of Turkish debt. Industrialists in the West have found a major export market cut back. And for those most directly involved, Turkey's 45m people, the situation is grim.

Political violence is expected to mount, and already 190 people—politicians and judges, police chiefs and editors, professors, students and workers—are being slain each month. Growth in gross national product is not keeping up with the population increase. Consumer prices are rising at over 70 per cent annually and unemployment is around 20 per cent of the labour force.

All this and sectarian and

minority problems make up a recipe for disaster. Yet there is no foreseeable easy political solution to the problems. It is not just a question of parliamentary arithmetic, though this is complex. The underlying difficulty is that Turkish society is now straining the seams of the country's political system.

Mr. Ecevit's failure is far more than personal. However flawed the legacy he inherited, he had a chance his inability to make the best of it represents the loss of an historical opportunity for a major country.

He came to power on a wave of popular expectation. In the previous decade he had revitalised the party of Kemal Atatürk, the general who led Turkey through its independence struggle and ruled it between the wars. Mr. Ecevit's creed mixed populism and "democratic leftism," he preferred that phrase to the usual European description of his party as social democrat, a term which he considered had Marxist undertones.

In foreign policy he managed to have the U.S. arms embargo on Turkey lifted but Cyprus remains unresolved and the disputes with Greece over the Aegean are as acute as ever. His "new defence concept" has still to be defined but he was too independent for several members of NATO and military relations with the United States are still to be tied up. A new agreement covering the two dozen U.S. military installations on Turkish soil is not yet signed and Mr. Ecevit was less than co-operative over allowing U.S. reconnaissance flights over Turkey in order to monitor implementation of the new strategic arms treaty.

Last week the Palestine Liberation Organisation opened

an office in Ankara but Mr. Ecevit has not been able to develop political relations with the Arab countries to the extent necessary to fuel Turkey's oil-thirsty and energy-short economy. He aimed at winning the support of the non-aligned movement, keep his flag planted on the Greek Cypriots.

In many of these situations he has run into the same problems as his predecessors. But in the economic field he has done far better than they. He has presided over the largest debt rescheduling operation in financial history and has reached an agreement with the International Monetary Fund.

The first of these was a wretchedly complicated process. It was made more difficult by the fact that when Mr. Ecevit took office no official knew exactly what debts Turkey had. However, in the past 20 months almost one-half of Turkey's \$13bn debt has been rescheduled. Now only two items, claims of \$250m and unguaranteed supplies' credits totalling up to \$2bn, remain to be tackled—though the latter is bound to be an intensely complicated process, involving the verification of 91,000 separate claims.

The complexity of the debts and, to some extent, the lack of calibre and experience of some of the men chosen by Mr. Ecevit to handle the economy, contributed to the delays encountered. But perhaps even more crucial were the disagreements within the country's administration about what economic policy should be followed.

On the one hand there were those who argued that traditional policies of import substitution, high growth rates and a discouragement of foreign investment. On the other were those who insisted that the IMF's rules must be obeyed, growth cut down and the economy opened up to foreign capital, competition and tourism.

Throughout 1978 the first group, supported by Dr. Ecevit, won. A five-year plan, advocating growth rising to 8 per cent, was tabled. The government resisted IMF calls for a realistic exchange rate policy. Instead it argued that IMF recipes would lead to the end of democracy in a country of major strategic importance—and therefore that the recipe should be changed.

A first agreement with the IMF failed, promises of Western "emergency aid" made in Guadalupe in January were slow to materialise and the international banking community provided no fresh money.

At the end of May members of the Organisation for Economic Co-operation and Development finally pledged \$906m worth of aid and in July a fresh standstill agreement with the IMF, for \$550m, was reached. The Government had belatedly accepted that it had no alternative but to meet the short-term requirements of the



Mr. Bülent Ecevit (left), reduced to a caretaker role; Mr. Süleyman Demirel, biding his time.

IMF—though it still heatedly argues about medium-term policy with the OECD.

Through the autumn rescheduling of the major categories of debt was agreed on and the banks signed an agreement for \$407m of fresh money. But disbursement of this sum has only just begun, the funds arriving, like the OECD pledges, too late to revive the economy and thus Mr. Ecevit's fortunes.

The time he lost proved fatal. Electricity cuts and shortages of cooking fuels are regular occurrences in recent Turkey. But, under Mr. Ecevit, petrol shortages became acute, there was a dearth of pharmaceuticals, cooking fats, heating fuel, and light bulbs—let alone cigarettes and coffee.

He had promised an end of the black market. It appeared to flourish. And prices soared, many raised by the Government long after it had lost the goodwill which greeted it and would have protected it had it acted decisively in early 1978.

Key election promise

As telling was his failure to restore security. This had been one of his key 1977 election promises, yet the killing rate rose remorselessly. The teachers' training colleges are now relatively tranquil—in part because of the efficacy of Mr. Necdet Uğur, Minister of Education—but while cities of Anatolia are rife for massacres such as that in Kahramanmaraş last December, this led to over 100 deaths and 800 people are now on trial, with several local members of the Nationalist Action Party implicated. Martial law is now in force in the main cities.

The NAP, a militant right-wing party, has found its followers so frequently named in murder trials that it has to be asked whether this is purely coincidental. A military prosecutor has just called for its investigation and one civilian prosecutor has said the files on the party are taller than he.

In many ways his measures were firmer against the left, both non-militant and militant. The militant left has been involved in numerous killings, most recently of a candidate of Mr. Süleyman Demirel, leader of the Justice Party, the main opposition group. Just as he has had difficulties with such major issues, so he

has done little to carry through the structural reforms on which he had set his heart, including a vital reform of the tax system. He has systematically alienated many on the left whose support he did anything to keep the backing of those who sought a change in 1977.

In part his problems derive from the split in his cabinet between party members and the 11 conservative independents tempted mainly from the Justice Party and given cabinet posts. Party it reflected the often poor quality of the men with whom he surrounded himself. And, in part, it reflected his weakness in parliament. His majority gradually slipped away so that by June it had disappeared. Mr. Ecevit only survived by having his party boycott Parliament and thus prevent a quorum being obtained.

The voters' judgement in Sunday's five by-elections for the General Assembly and elections for one-third of the Senate was clear—a massive swing from Mr. Ecevit to Mr. Demirel and a small swing to the left-wing parties. The gains which Mr. Ecevit had patiently made in the past decade have disappeared during his 22 months in office.

The country is now more polarised than ever. Important decisions have to be made in Turkey. Should it house Pershing and Cruise missiles? What will be the future of the U.S. bases? How will it handle Cyprus and the Aegean? There is the problem of how violence should be tackled. Then, with each fresh unemployed being a potential recruit for the militants, there is the problem of the economy.

An IMF team is due in Ankara in November to decide whether the second tranche of the IMF stand-by agreement should be released. At this early stage of the agreement the number of hurdles to be overcome is fewer than will be the case next year. But the economy has to be handled carefully, a programme for 1980 has to be drawn up, and Turkey has to stick to its commitments under the rescheduling programme: these include reporting on the implementation of a programme to tackle suppliers' arrears.

Further ahead, agreement has to be reached on Turkey's medium-term planning, a decision made on whether to apply for full membership of the EEC (as Mr. Demirel favours) and to increase.

and the country to work out how it will meet its massive debt repayment obligations in the early 1980s.

Mr. Ecevit is now acting as caretaker prime minister, apparently having ruled out the possibility of forming a coalition with the erratic National Salvation Party.

The parliamentary alternatives to Mr. Ecevit would be either a coalition headed by Mr. Demirel, or one led by an independent having the support of the main parties. However, Mr. Demirel seems to believe that the challenge is still poisoned—and to know how strong would be the reactions to any exhuming of the Nationalist Front formula which he has twice before tried. This formula involves the NAP and the NSP and its bitter squabbles are largely responsible for the present state of Turkey.

Mr. Demirel is thus to play a waiting game, knowing that in the present mood of the country elections would give him a cast-iron parliamentary majority.

Those brave enough to predict more than a few months ahead see the return of Mr. Demirel to power—and hope that he will act less profligately in the economic field and more moderately in the political one than in his previous incarnations. But for this to happen parliament must agree to elections when the weather allows this in the spring—even though Mr. Ecevit's party and many members of the assembly fear elections and could, in theory, block them.

The economic crises of 1959 and 1969 were both followed by military interventions. That of 1979 has not yet done so and immediate prospects of the commanders sweeping parliament aside are remote.

They are an integral part of the decision-making process in Turkey and through the President and the National Security Council are formally involved in the running of the country. Today they appear more likely to use this power to influence the timing of elections than to change the rules of the game. But the stakes are high and there are many voices—not least in the West—arguing that political power needs centralising if anyone is to tackle the confusion that Turkey is today. Should the violence mount, as is feared, and the politicians fail to form an administration the pressure from the military is bound to increase.

MEN AND MATTERS

Waiting for the iceman

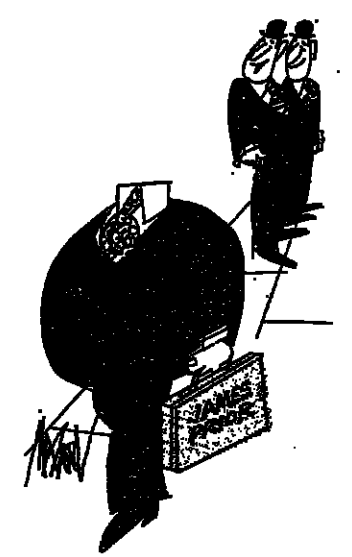
A Frenchman who sees a fortune in icebergs arrives in London on Monday. He is Georges Mougia, managing director of the Saudi-based Iceberg Transport International, which plans to provide abundant water for dry regions of the world by towing icebergs from the Antarctic.

Mougia is coming across to discuss a conference to be held next April in Cambridge. The theme: "Iceberg Utilisation." Mougia's ITI has been funding research in Cambridge and elsewhere; it has also been holding talks with officials in Canberra, naming 1981 as the target date for moving an iceberg of about one cubic kilometre (small, as icebergs go) up to the Great Australian Bight.

The scheme is proving grist to the mills of newspaper humourists down under. Some view it as a lovely wazer for cooling the Foster's Lager. But in drought-afflicted South Australia, iceberg water (which is pure and salt-free) could work an economic transformation.

Yesterday I talked to Dr. Charles Swinbank, a leading scientist at the British Antarctic Survey in Cambridge, and a consultant to ITI. He agreed that—although all other difficulties aside—it is going to be necessary to take out some insurance before towing icebergs into the shipping lanes; the Titanic is not forgotten.

Swinbank also admits that although he has been tracking big icebergs by satellite, there is very little evidence about how quickly the smaller ones might crack up; he has been testing model icebergs of diverse shapes in tanks. I asked how the captive monster would be melted, when finally anchored off the Australian coast. "Probably by making a pond on the top of it, using an ocean thermal energy system. As the



"SLADE must have made the block."

tip is melted, the iceberg will start to rise."

The Saudi interest is understandable: the Middle East has the world's most acute water problem. But before trying to tow icebergs across the equator, the Paris-based ITI has decided to make Australia a testing ground.

A report from Sydney says that iceberg water would be sold at one-twentieth of the cost of ordinary water; getting an iceberg into the right place might cost millions of pounds, but "profits will be measured in hundreds of millions." Swinbank himself shows a proper academic caution. "I do believe such operations could be economic," he says. "After all, icebergs cost nothing at source."

Eating cake

Terry Duffy, genial president of the engineering workers, found himself the subject of a hero's welcome at the other IMF Conference last night—the annual gathering of the International Metalworkers Federation. The man who said after his election last year that long strikes were

"bad for Britain" has achieved an unexpected new status since the AUEW's victory over the Engineering Employers Federation.

Telegrams of congratulation have flooded in from the U.S., Canada and all parts of Europe where the union movement sees a 39-hour week as a crucial breakthrough. In Vienna more concrete appreciation was shown. At a reception in the Hilton Hotel, Duffy was presented with a giant Viennese Tortoise decorated with the figure 39 and to rub the point home further, 39 candles. IMF general secretary Hermann Rebhan, who dreamed up the idea, said: "The 39-hour week achieved in Britain is the major talking point at this week's conference."

It is something of an irony that during the course of the six-week-long engineering dispute the AUEW president made it clear that a 39-hour week was not his own top priority.

Easy riders

Across the Atlantic the automobile mystique defies all economic omens. Advertising pages in the latest issue of *Business Week* flaunt numerous new models which should satisfy the most full-blooded corporation executives. A double-page spread for the 1980 Ford LTD says the car "rides as quietly as a \$65,000 Rolls-Royce." This assertion in the headline is reiterated in the text.

How does Rolls-Royce feel about such blatant "knocking copy"? A spokesman tells me: "We are just gratified that a Rolls-Royce is the car by which all others are judged. Ford made the same claim about 15 years ago and the independent consultants who investigated it actually finished up buying the Rolls used for the tests."

Golden silence

Moving steadily away from its origins in mail-order and into the stabler areas of direct retailing its home-assembly furni-

ture, the MFI Group has seen its rocketing shares become a favourite topic of such small investors as are still left. Yesterday's £24m share placing marks a further move up the market by drawing in a broad range of institutional investors. The shares put on the market were held by one of the co-founders and the widow of the other.

Noel Lister, 51, a joint managing director, receives £11.3m for his 11.9 per cent stake and holds on to another 11.5 per cent. Mrs. Joan Searle, whose husband Donald died in a gliding accident in Cambridgeshire in 1978, has sold a 6.6 per cent stake for £6.3m and retains a similar proportion. Also sold was another 6.5 per cent, held by their family trusts.

For all her wealth, Mrs. Searle is not a flamboyant character. Now in her late 40s she lives in the Home Counties and has never been keen to be involved in the running of MFI. "She's a very private person," a company spokesman told me.

Talked out

The sitting of the Dutch parliament to discuss the 1980 Budget proposals was labelled by commentators as "uninspiring." Despite the government's slim majority the House accepted the major policy line, a process which took 19 hours, ending at 5 a.m. Several MPs retired through exhaustion and one crashed his car and wrote it off on the way home.

All this has so incensed the 150-strong Lower Chamber that its chairman, Dirk Dolman, is holding an inquiry into the "proper" length for sittings. Normally, Dutch parliamentarians sit three days a week. Tuesday to Thursday, closing down well before midnight. They are reported to be quite unimpressed by details of the long hours put in at Westminster.

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ECONOMIC VIEWPOINT

The oil in the doomsday machine

THE BRITISH economic establishment is at present going through one of its convulsive fits of despair. The ITEM Club, which processes business opinion through the Treasury economic model, is apparently expecting a 9 per cent fall in industrial output and a huge balance of payments deficit, and concludes, after trying various changes in assumptions, that tragedy is inevitable. Sir John Mettven, trying to stiffen the spine of his CBI members in face of wage claims, warns them of "slow death" if they give way. Sir Geoffrey Howe has not wavered in his view that the prospect is "almost frighteningly bad."

These warnings are stated in suspiciously emotional language. Sackcloth and ashes is not the most suitable working wear for a rational analyst or the rational businessman. On the contrary, despair is the enemy of sensible decisions, and could even in some circumstances cause the disasters which the more extreme forecasters foresee. The worse the prospect, the more important it is to try to understand it.

The immediate cause of the present gloom is clear enough: the present wage round seems to be getting off to a very disappointing start. Ministers who have always held it as an article of faith that firm monetary policy would frighten everyone into reasonable behaviour are still reluctant to believe the evidence of the current numbers. These who do believe the numbers react irrationally because they do not know what to expect as a result of an irresistible force colliding with an immovable monetary policy.

On the face of it this alarm is odd. Although the wage outlook is bad, it is nothing like as bad as the experience of the

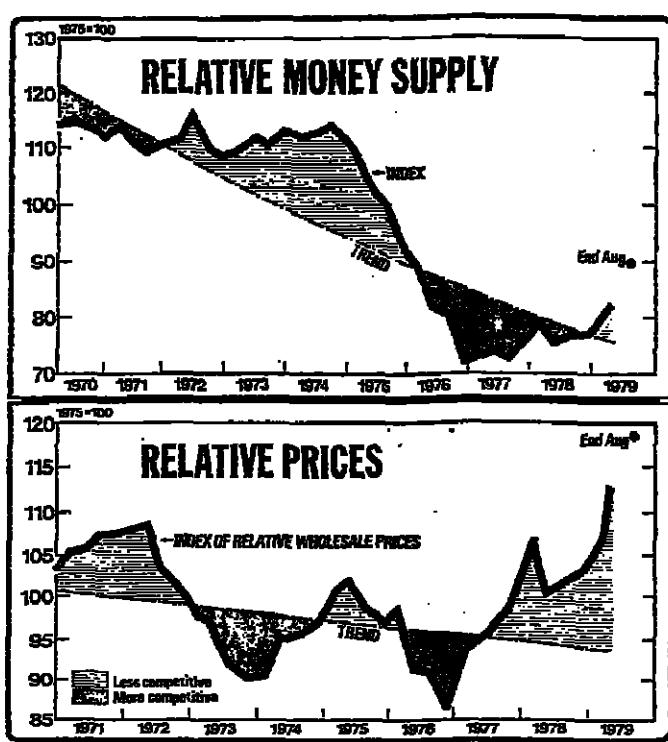


Sir John Mettven: warning of a "slow death."

monetary growth—the explanation of exchange rate movements favoured by "international monetarists"—including, with heavy modification, the Government's new chief economic adviser, Dr. Terry Burns. Something else was going on.

That something else is mercifully easy to identify. Two vast events have dominated the sterling market since 1976—the build-up of North Sea flows, and the enormous capital flows into sterling partly on this account. The North Sea contribution is familiar. The capital flows first into our reserves to some £25bn, and subsequently financed a current account deficit at a £4bn annual rate.

Capital flows are not like production flows: the big movements are basically portfolio adjustments, which stop once they are completed. The flow into sterling had three major



causes, only one of which now persists. The first was the collapse of the dollar, and the second the prospect of North Sea flows, which have by now reached something of a plateau. Some pressure will no doubt persist because of continuing OPEC surpluses looking for diversified investment—maintaining rather than shifting the balance of assets.

Until this summer, the size of the net flows was further exaggerated by the survival of UK exchange controls, which did not allow UK investors to make any counterbalancing portfolio adjustments of their own, generating outward flows; the sharp relapse in sterling since July has been caused largely by

such portfolio adjustments since the controls were liberalised. Fashionable despair about the UK economy is likely to generate further and fairly persistent diversification. The capital account, which only a fool would dare forecast with supposed precision, may now be in rough balance.

However, the fact that we now have a petro-currency, as the Prime Minister has put it, will remain a fact of life, and its influence on competitiveness will endure. The so-called "improvement" in the balance of payments due to the North Sea is an elusive concept, seen against an actual deterioration in the current account, but it is not impossible to pin down.

Measured against our own past, we are shifting from a deficit on oil account of the order of £1bn in pre-OPEC, pre-North Sea days to the prospect of a surplus of about the same money order—say roughly a shift of £4bn in today's values.

If the balance of payments remains roughly in balance, taking one year with another, through this change, the improvement in the oil balance implies a corresponding deterioration in the non-oil account. This implies in turn that the exchange rate will tend to a value which produces this result—in other words, it will rise enough to squeeze the non-oil balance of payments by £4bn by pushing marginal exporters out of business, and helping marginal importers to improve their penetration of the UK market.

In short, our poor competitive performance in spite of North Sea oil, a favourite topic for political homilies, is no such thing; our performance in manufacturing has been poor basically because of North Sea oil. It could only have been avoided by policies to ensure that the North Sea contribution appeared as a corresponding current account surplus—in short, as an opportunity to get back into our historic business of capital exporting, for the capital account, in a clean flat, is the mirror image of the current account. As John Forsyth and Francesca Edwards point out in an important Chatham House pamphlet published today, a policy aimed at such a result must be the foundation stone of any sane policy for sterling.

but simply by the balance between income and expenditure—in other words, State and private borrowing and saving. It is a product of fiscal and monetary policy, and the balance between them.

Now it is an unhappy fact that in the last year of Labour's rule and the first year of Conservative policy, we have seen the same combination of an excessive borrowing requirement offset by a tight monetary policy. The net result of such a combination, as Samuel Brittan has pointed out (reviving an analysis originally made by Robert Mundell) is to attract finance from overseas—in other words, high interest rates, capital inflows, and a weak current account which drains the borrowed funds out of the economy again. It also tends to drive the exchange rate up, and non-resident deposits attracted by high interest rates build up (and make it harder to check the expansion of bank credit); this again is consistent with a weak current account (and thus a still bigger deterioration in the non-oil account). Our present competitive performance is perhaps half due to North Sea oil, and half to mistaken fiscal management.

Here again, one can speak of a cause which may soon be a thing of the past; the present Government, though for reasons only dimly connected with this analysis, is now engaged in the most ferocious attempt to tighten fiscal policy yet seen. This should, after a very sharp reduction of pressure in the credit markets, falling interest rates, and a more responsive exchange rate. Indeed, the probably unforeseen danger of present policies is that the downward adjustment of sterling, once market pressures

permit it, will initially tend to be overdone.

This does not mean, however, that in any but the shortest run, the exchange rate is likely to respond fully to excessive cost increases; the adjustment up to 1976 was only temporary, and no enduring relief can be expected simply from clean floating. Wage cost inflation has two effects which prevent a full adjustment: it raises interest rates by raising the demand for working capital, and it depresses activity, as the real money supply falls. Wage cost inflation in such circumstances is bad news; but it is not Domesday.

What I am suggesting, in short, is that the extreme despair about the present outlook is the result of the oldest mistake in economic forecasting—mistaking temporary adjustments for long-term trends. This mistake has been reinforced by the fact that the discomforts resulting from rapid structural change—the rise of North Sea production—have been little discussed and remain little understood. The exchange rate should from now on come considerably nearer to reflecting the cost and monetary forces which seem to have been disconnected for the past two years (to the acute embarrassment of forecasters, including Dr. Burns). The Government's policies, possibly for the wrong reasons, seem appropriate—any forces which seem to have been disconnected for the past two years (to the acute embarrassment of forecasters, including Dr. Burns). The Government's policies, possibly for the wrong reasons, seem appropriate—any forces which seem to have been disconnected for the past two years (to the acute embarrassment of forecasters, including Dr. Burns).

Anthony Harris

Letters to the Editor

Extend the car allowance

From Mr. A. Gerrard

Sir,—From all I have read it would appear that about 70 per cent of all new cars are bought by companies and I would suggest that another 20 per cent are bought for mainly business use by other firms and self-employed traders. This would leave around 10 per cent being bought exclusively for personal use.

If these assumptions are correct then the Inland Revenue is already giving capital allowances (tax depreciation) on 90 per cent of all new cars purchased. It is therefore suggested that, for a comparatively small cost to the Revenue, tax depreciation should be extended to all purchasers of new cars—but restricted to one car per person.

This suggestion has some important benefits to offer the taxpayer, the Revenue and the car industry. It would materially reduce the advantage which presently exists between the user of a company car and the private motorist. As a direct consequence it would remove much of the emotion from the subject of the company car perk. The small loss to the Revenue could be offset against other impending tax changes. By encouraging the private motorist to buy new cars, and more frequently, it would give a boost to the car industry. It would reduce the amount of work presently borne by the Revenue in the taxation of the beneficiaries of the company car.

A. J. Gerrard,
279, Fernwick Road, Giffnock,
Glasgow.

and universities with the necessary language teachers.
K. Brauer,
Carron Company,
Falkirk, Scotland.

Whisky galore

From Mr. L. McClean

Sir,—As a potential beneficiary from the end of the Common Purse policy between the UK and the Isle of Man may I beg you to call for a total banning and burning of all copies of Sir Walter Scott's Guy Mannering which describes in considerable detail why the Isle of Man shares with the British mainland common impositions on, for example, bottles of Scotch whisky.

I foresee great opportunities for small businesses exporting whisky by day in large ships via Ardrossan and re-importing by night in small boats at Kippford. If VAT is abolished on the Isle of Man this flow of prosperity could take in every beach along the whole length of the Solway Firth making the Northern Ireland border seem easily defensible by comparison. The Isle of Man is less than a score of miles from the Solway and a return trip in less than an hour and a half practical. Just imagine the pressure on the M6 when the whole of Galloway once more becomes a Rum Row, a real duty-free shop with no passports required.

So here's to the success of the Isle of Man home rule cause which would give Mrs. Thatcher's faith in the revival of small businesses a real shot of dynamite.
L. C. McClean,
Boundary Cottage,
Barnbarroch,
Dalbeattie, Scotland.

for the purpose, and designed bombs only as support artillery for ground troops.

If Lord Snow's statement is to be taken seriously, how does he explain the pattern bombing of London, Portsmouth, Coventry, Bristol, Liverpool and other towns? How does he explain the V1 and the V2?

There are many of us who have always been unhappy about the bombing of Dresden, and indeed, of a number of the strategic decisions which Sir Arthur Harris made. But if reckless and wholly unsubstantiated statements are to be made in your paper by somebody enjoying a considerable reputation, it can only cause quite unnecessary distress to those who took part in the operations of Bomber Command and survived, and to the relations of those who lost their lives, amounting to 56,000 men.

James F. Turner,
The Old Rectory,
Wem, Shropshire.

The price of an MG

From Mr. J. Lubbock

Sir,—We are told that BL loses about £500, or £2,000, on each MG that it sells in the U.S. We are also told that the selling price has been raised from \$6,000 to \$7,200 this year but that losses still continue. But this is not surprising since the price rise is less than the loss. Has BL not considered raising the price to \$10,000, at which level it might even hope to make a profit? After all, one would

have thought that sports cars were in the luxury market, and that demand was relatively independent of price. The experiment might at least be tried.

I am not an MG owner, a businessman or an economist. But even to an art historian this seems an obvious question to ask.
Jules Lubbock,
University of Essex,
Department of Art,
Wivenhoe Park, Colchester.

Dalgety and Spillers

From Mr. R. Instone

Sir,—Now that the dust is settling on the Dalgety/Spillers battlefield, two general points may be worth making.

It is surely unacceptable that, after the public announcement of a non-cash bid, an associate of the bidder should be free to purchase at virtually the bid-equivalent price up to 15 per cent of the shares of the target company, with large shareholders being given special opportunities to sell. If the City panel tolerates such purchases only because it could not enforce a total prohibition, it should seek an appropriate amendment of the Licensed Dealers (Conduct of Business) Rules, so as to put legal teeth into the ban, and should require compliance with the prohibition on canvassing by telephone which the rules already contain. What possible justification is there for both sides to spend large sums on advertising their

contentions, which affect only the existing shareholders of the target company, while simultaneously circularising the same contentions by post?

One other point, peculiar to this battle, perhaps deserves a mention. What can be the state of mind of a board which supposes that its arguments will carry more weight with its own shareholders if they are attributed to a cartoon figure than if they are delivered "straight" by the directors themselves? It was this feature, more than anything else, which persuaded me as a trustee-shareholder of Spillers that its board was unworthy of support.

Ralph Instone,
7 New Square,
Lincoln's Inn, WC2.

Increases at the Bank

From Mr. R. Opie

Sir,—I have now finished reading the latest Quarterly Bulletin of the Bank of England. It is frightening stuff. In particular, I note the Bank's dire warning about excessive increases in personal earnings. Naturally, I shall do my very best to restrain my avarice.

I would respond even more earnestly, of course, if the Bank were to add example to mere admonition. Would some spokesman from the Bank like to inform your readers how small the latest round of top-level salary increases in the Bank has been?
Roger Opie,
New College, Oxford.

Farmers and capital taxation liabilities

From the Deputy Director,
Economic Division,
National Farmers' Union

Sir,—It saddens me that a fellow economist should make as many errors as Mr. Sutherland has in his recent letters on the abilities of farmers to meet capital taxation liabilities.

Mr. Sutherland has based his arguments (in his letters of October 5 and 12) on the increase in the average farmer's income "over the past decade" or "since 1968" as shown by the annual Farm Management Survey published by HMSO. It is wrong, however, to describe the Survey figures as showing the income of the average owner-occupier farmer, since the Survey is conducted on a tenanted farm basis with rent being imputed on those farms (or parts of farms) which are owner-occupied. It is usually acknowledged that farm rents are low in relation to the current market price of land (often 2 to 3 per cent). On the other hand, the tenant farmer's income comprises in essence three elements—a return on the farmer's own capital employed in the business, a payment for the manual labour of the farmer (and, where appropriate, his wife) and the reward for his managerial or entrepreneurial activity. Since much of the tenant farmer's capital (such as machinery and vehicles) declines in value over time, the return required if new capital is to be attracted or retained in the business must be very much higher than that on an appreciating asset like land.

Moreover, to use the FMS figures as an indicator of the movement of the real income of

farmers over time is misleading since the data shows income inclusive of stock appreciation. Stock appreciation measures that part of the change in the value of stocks and work in progress between the beginning and end of the year which is attributable to the change in the cost of inputs.

It is therefore only a "paper" profit and, at times of rapid inflation, represents a considerable financing cost for farmers. Furthermore, stock appreciation has fluctuated considerably from year to year as the inflation of input costs hits the industry.

The latest FMS published showed for 1977/78 an average income—including stock appreciation—per full-time farmer of £10,001. The aggregate farm income statistics show stock appreciation to have been 25 per cent of income inclusive of stock appreciation in 1977 and 28 per cent in 1978. Thus if we deduct an appropriate allowance for stock appreciation we might arrive at an adjusted income per full-time farmer in England and Wales of some £7,500 in 1977/78. Out of this sum, farmers have to service their tenant-type assets—the value of which was conservatively estimated by the FMS to be £39,887 per full-time farm business. If all the tenant's capital had been borrowed from banks the average farmer would have faced an interest bill in 1977/78 of some £4,500 leaving around £3,000 for his manual labour and managerial efforts. Hardly a princely reward!

The true income situation in the agricultural industry can be seen from the aggregate data in the Annual Review White Paper (published by HMSO) which

gives farming net income excluding stock appreciation. In current money terms over the past ten years—i.e. from 1968 to 1978 (the last year for which figures are available)—the industry's income rose from £448m to £1,200m (a rise of 180 per cent). Over the same period the retail price index rose by 202 per cent. Thus the farming industry's profits in total fell by 7 per cent in real terms. The number of full-time farm businesses, however, fell over that 10 year period by about 17 per cent. Hence real income per full-time farm rose by about 12 per cent in ten years. A far cry from Mr. Sutherland's six per cent per annum!

It is certainly true that in the past existing farmers have bought most of the land coming onto the market (though the presence of financial institutions has hardly been a factor depressing land prices). Capital transfer tax however, has simply not been in existence long enough yet to have had any major impact upon the industry's financial resources. As the tax begins to bite, farmers with a CTT liability will be forced to sell at the very time when other farmers are following Mr. Sutherland's advice of channeling virtually all their spare income into insurance policies. Who then will buy the land? It is this likelihood of fragmentation which causes the NFU great concern. What we should strive to avoid is the tax system becoming the principal determinant of farm business size.

John Malcolm,
NFU,
Agriculture House,
Knightsbridge, S.W.1.

Today's Events

Overseas: Financial Times conference Brazil—the Outlook for the 1980s, continues in Rio de Janeiro.

Official Statistics: UK banks' assets and liabilities and the money stock (mid-September). London dollar and sterling certificates of deposit (mid-September). Consumers' expenditure (third quarter—first preliminary estimate).

Company Results: Final dividends: Brooke Bond, Liebig, Elico Holdings, Prest-

with Parker, Spencer Gears (Holdings), Interim dividends: Hawker Siddeley Group, Industrial and General Trust, Lee Cooper, UBM Group, United Engineering Industries.

Company Meetings: British Electric Traction, Connaught Rooms, Great Queen Street, WC. 12.15. Delight Industries, Aerodrome Hotel, Purley Way, Croydon, 11.30. Elbief Company, Prince of Wales Lane, Birmingham, 12.00. Jones Stroud, Albany Hotel, Nottingham, 12.00. Neepsend, Omega Restaurant, Brincliffe Hill, Sheffield, 12.15.

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Language teaching

From the President, Institute of Sales Management

Sir,—An issue repeatedly coming to the fore in this institute is the disadvantage which so many British companies face when wishing to sell in Europe as a result of the limited number of qualified persons available with suitable linguistic capabilities. Many of our European, commercial and industrial, competitors have sales personnel who can, without difficulty, negotiate in at least three commercial languages, in particular English, French and German.

The increasing number of foreign language training courses now available for businessmen not only highlights the problem but, we suggest, also asks the question as to why British companies should be faced with such a dilemma.

Could the real crux of the problem be the shortage of qualified language teachers and, is sufficient being done to encourage young teachers to specialise and qualify in the linguistic field? Without qualified foreign language teaching in our schools and universities, the youth of today, to whom beckons an increasing number of careers in selling, will not be able to compete on an equal footing with their European counterparts.

It is felt that the issue is one which should be of paramount interest and importance to the relevant Ministry. All concerned and involved should be interested to learn what steps are in hand to provide schools

Butlers, Eton and the FT

From Mr. N. Page

Sir,—I am beginning to get a little worried about the speed and efficiency of your news-gathering services. Your Tallpots in "Men and Matters" (October 16) about the Etonian's essay, begins with the words "the other day..." I happen to know that this story was in circulation before I went to Eton and that was 18 years ago. I hope some of the items in today's paper are slightly less out-of-date. Incidentally, I expect you could count on the fingers of one hand the current Etonians whose fathers have butlers. Perhaps there were more when the story first came out.

N. L. T. Page,
35 Austin Friars, EC2.

Pattern bombing

From Mr. J. Turner

Sir,—I write very belatedly to draw attention to the astonishing review of "Bomber Command" by your distinguished critic, Lord Snow, in your issue of September 29. After an extremely dubious opening paragraph, he writes later on: "...They didn't give any attention to the fact that this faith in bombing was strictly an Anglo-American peculiarity. The military command in countries such as Germany and Russia didn't believe in strategic bombing for an instant, didn't build aircraft

Companies and Markets

UK COMPANY NEWS

BHS tops £13m midway: sales improve to £161m

FROM sales of £160.96m against £133.88, an increase of 20.4 per cent, profits before tax of British Home Stores improved 26.7 per cent from £10.48m to £13.21m in the 24 weeks ended September 15, 1979.

The sales figures include VAT. Exclusive of this charge, total sales increased by 17.3 per cent. Merchandise sales increased from £97.66m to £123.09m, restaurant sales were £10.06m against £8.14m and food contributed £27.81m compared with £25.08m. The directors point out that sales of food were achieved in the 54 remaining food departments compared with 59 at the beginning of the previous year, and current sales are higher than in the comparable period last year.

The interim dividend is lifted from 3.1p to 3.5p — last year's total was 7p from record pre-tax profits of £33.58m.

Profit in the 24 weeks is after interest of £169,000 (£222,000). Tax charge is £5.94m against £3.4m.

In the second half of the year, new stores will open at Staines, Warrington, Milton Keynes, Clydebank, Perth and Kilmaronock, together with larger replacement units at Manchester and Kingston.

Following the successful opening of the experimental lighting and housewares shop at Brent Cross, a second is scheduled to open at Solihull.

The board says this expansion represents an investment of £24m in buildings and fittings and affords additional employment opportunities for 1,750 full and part-time workers.

HIGHLIGHTS

Lex looks at news of yesterday's share placings. Lazards has got rid of most of the Dalgely shares it got through the Spillers takeover, at a fairly hefty cost. Meantime founding families of fast growing MFI have sold roughly half their holdings. Elsewhere on the retail scene British Home Stores reports pre-tax profits nearly 37 per cent higher with a 7 per cent volume increase coming through. Lex also looks at the results of three discount houses. Smith St. Aubyn and Gerrard and National both said that they pushed up profits but Jessel Toyne made a loss after getting its position wrong over the Budget. On the inside pages comments are made on T. C. Harrison, Marshall's Universal, Mettoy, Selincourt, Christopher Moran, Dupont and Hunting Associated. Other news of the day includes Latham bidding for Dutton-Forsyth, and EMI rejecting Thoru's terms if not the logic.

Erith goes ahead in first half

DESPITE BAD weather in the first two months of the year, Erith and Co., builders' merchant, increased pre-tax profits from £509,000 to £629,000 for the first half of 1979, on higher turnover of £13.07m against £11.96m.

Given a continuation of the current trading climate, the company looks forward to a record year. In 1978, profits reached £1.17m on £25.1m turnover.

Although overheads rose in the current year, net profit margins improved, reflecting the strength of the home improvements and small works sectors of the industry, which the company is better able to supply as a result of its branch development programme.

The cost of this programme, together with higher interest rates, resulted in bank interest charge up from £25,000 to £72,000.

The interim dividend is raised from 2.018p to 2.5p net, which includes an additional amount payable following reduction in ACT rate—last year's final was 4.0873p.

After tax of £327,000 (£255,000) half-yearly net profits were up from £244,000 to £302,000.

Dividend boost at Sun Life

BY ERIC SHORT

Sun Life Assurance Society has taken advantage of the removal of dividend restraint by boosting its 1979 dividend. A final of 4.835p per share lifts the total to 6.397p, compared with 3.475p last time.

The directors in their 1978 report had affirmed their intention to raise payments substantially as soon as circumstances permitted. But it was generally expected that the Society would spread the increases over two or three years instead of making it in one jump.

During dividend restraint, Sun Life had little room to manoeuvre in making increases above the minimum allowed. Previously, the Society made a full distribution of shareholders' profits. But these had built up to a substantial level—£3.23m was available in 1978, while the dividend cost £2m.

As usual, the Society has declared its annual dividend before the year-end and ahead of the actuary's valuation of life and pensions business and division of profits between policyholders and shareholders.

The cost of the current dividend is £3.76m, indicating that the Society is back to a full distribution policy. Life company profits for 1979 could not be expected to exceed £5m.

Mr. John Webster, the Assistant General Manager (investment), said yesterday that shareholders were entitled to a fair increase in dividend and the Society decided to get the dividend back to a level so that future increases would reflect the profit trend.

The share price rose 3p to 137p yesterday. This gives a gross yield of 7 per cent—comparable with yields from other life companies.

Christopher Moran improves mid-term

TAXABLE profits of Christopher Moran Group, insurance broking and underwriting agency, improved slightly in the six months to July 31, 1979 to £1.26m against £1.23m, and were well ahead of last year's second half figure of £805,000.

Turnover was up from £1.49m to £1.65m. Tax takes £653,000 this time, against £640,000, leaving £602,000 (£592,000) net profits.

The interim dividend is maintained at 1.1p — last year a final of 2.9p was paid.

Reporting at the end of last year, the Board said income for the current year was such that it was confident of the outcome for the full year. Although because the major part of income is earned in U.S. dollars, depreciation would have a considerable adverse effect.

Referring to the plans for the opening of further depots, the chairman said a contract to lease a new modern purpose built warehouse had recently been signed.

ASOCIATES DEAL

D. J. Ewart, chairman of Ransome Hoffman Pollard, bought 16,500 Clifford and Snell shares at 40p.

ments may have affected performance to the tune of £200,000-£300,000 at the taxable level—about 80 per cent of Moran's business volumes are in dollar denominated transactions.

Three-fifths of its business is represented by aviation reinsurance and this market has held up well relative to other areas of insurance. Premium rates have hardened in the wake of the DC 10 catastrophe in the excess of loss reinsurance and this has helped the group. But there are several clouds on the horizon. There has been a sharp rise in expenses which have been swelled by the cost of extra auditors reports commissioned by the group. Moreover, the results of two inquiries, one by Lloyd's and the other by the Fraud Squad are still not known.

At 36p the shares assuming pre-tax profits of £2.2m for the year, stand on prospective p/e of around 6—a discount to the sector which reflects the uncertainties.

PRE-TAX profits of T. C. Harrison, Ford main dealer, expanded from £1.53m to £2.03m for the first half of 1979 and directors are confident of record results for the full year. Profit for the whole of 1978 rose to £3m.

Turnover for the six months, excluding car tax, VAT and inter-group sales, reached £37.6m, compared with £30m.

The directors say the third quarter has produced good profits, which are on target, and that action taken in anticipation of the September slowdown in used car sales, resulted in an increase of unit sales against the same period last year.

While the agricultural division turned in a lower profit, directors say significant advances were made in the profitability of the three main operating divisions of cars, commercial vehicles and earthmoving equipment and there was a further improvement in hire purchase and leasing.

The net interim dividend is effectively raised to 0.92p (0.748p) per 25p share, and a final of not less than 2.03p is forecast—last year's adjusted final was 1.6895p.

Tax for the period took £1.05m (£785,000), leaving a net profit of £972,000 against £733,000.

It has been a good year for Ford dealers. Perry's recently announced interim profits up by almost a half and yesterday T. C. Harrison reported a rise of a third. Harrison would probably have come close to its competitor's performance but for a downturn in the agricultural division—which is now being arrested. Higher interest charges have clipped £100,000 off first-

period profit of £447,550 was

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Mettoy profit more than halved at interim stage

ALTHOUGH OPERATING surplus of the Mettoy Company, toy manufacturer, was little changed at £1.59m, against £1.64m, exchange losses and higher interest charges meant that pre-tax profits dropped from £1.58m to £0.7m for the 36 weeks to September 8, 1979. Turnover rose by £1.22m to £21.5m.

Mr. Arthur Katz, the chairman, says the remaining 16 weeks of the year are of even greater importance than previously and every effort is being made to obtain the greatest possible benefit from the coming Christmas season.

Although orders and dispatches in the period were well ahead, the strength of sterling badly affected the profitability of the company's export business. Higher interest rates and borrowing contributed roughly equally to an increase in interest charges from £205,000 to £330,000. Exchange losses were £380,000, compared with £149,000 gains last time.

Turnover continued to grow, but the chairman says the heavy added charges could not be recovered in higher prices, particularly overseas. He adds that the company, in line with other export orientated manufacturers, can only fight to regain profit margins by reducing costs and improving productivity.

The net interim dividend is lifted 14.7 per cent from 1.2p to 1.36p—25p share—last year's total was 2.6p on record £3.4m taxable profits.

This year's interim profits included associates' contribution, but were subject to tax of £278,000 (£283,000) leaving the net surplus down from £760,000 to £426,000.

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DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---------------------|-----------------|-----------------|--------------------|----------------|-----------------|
| Armour Trust | 0.1 | Jan. 2 | Nil | 0.1 | Nil |
| BHS | 3.5 | Jan. 11 | 3.1 | — | — |
| City of Oxford Ltd. | 1.75 | Dec. 11 | 1.25 | — | 3.85 |
| Dupont | 2.25 | Dec. 14 | 2.08 | — | 5.06 |
| Erith and Co. | 2.5 | Dec. 1 | 2.02 | — | 8.08 |
| Gerrard National | 5 | Dec. 6 | 4 | — | 9.12 |
| T. C. Harrison | 0.92 | Jan. 2 | 0.75 | — | 2.44 |
| Hunting Assoc. Ltd. | 1.5 | Nov. 30 | 1 | — | 2.39 |
| Jessel, Toyne | 1.75 | Nov. 14 | 0.87 | — | 3.65 |
| Marshall's Univ. | 1.24 | Dec. 6 | 3.75 | — | 5.99 |
| Kalamazoo | 3.5 | Jan. 2 | 1.2 | — | 2.6 |
| Mettoy | 1.36 | Feb. 7 | 1.1 | — | 4.0 |
| C. Moran | 1.22 | Nov. 30 | 0.63 | — | 2.29 |
| W. L. Pearce | 0.25 | Jan. 7 | 2.49 | — | 3.78 |
| Provident Life | 4.6 | Jan. 2 | 3.73 | — | 8.73 |
| Ramar Trillier | 1 | Dec. 13 | 0.3 | — | 0.3 |
| Seathill Heritable | 1 | Dec. 6 | 0.36 | — | 0.92 |
| Selincourt | 0.7 | Nov. 30 | 0.5 | — | 1.36 |
| Smith St. Aubyn | 3.5 | Nov. 30 | 2.5 | — | 5.55 |
| Sun Life | 4.83 | Dec. 31 | 1.76 | — | 3.48 |
| Utd. Friendly Ins. | 3 | Dec. 5 | 1.75 | — | 5.55 |
| Westpool Invest. | 2.45 | Dec. 14 | 1.2 | — | 3.8 |
| Winchmore Trust | 0.4 | Nov. 5 | 0.4 | — | 3.11 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issues. † Partially to reduce increased by rights and/or acquisition issues. ‡ Partially to reduce disparity. § For 63 weeks. ¶ Includes 1p special in respect of exceptional income from Shell and Unilever holdings. ** Final of not less than 2.03p forecast. †† To reduce disparity. ‡‡ Final of not more than 2.87p anticipated. § Making 2.5p to date.

the common problems of skyrocketing interest charges and the lack of the strong pound. These difficulties depressed half-time pre-tax profits by 55.6 per cent, although the actual group profit before currency losses and interest costs is only marginally lower than £2m. The interim dividend is up 14.7 per cent and could yield 8.4 per cent at 52p, down 8p if the final is increased by the same amount.

shortened by the ITV strike and the lack of major television commissions. It is anybody's guess as to how severely Mettoy will be affected, but full year profits could be considerably lower than last year's £3.6m in pre-tax earnings, perhaps lower than £2m. The interim dividend is up 14.7 per cent and could yield 8.4 per cent at 52p, down 8p if the final is increased by the same amount.

T. C. Harrison expands £0.5m to £2m in first six months

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W. Pawson upsurge to £0.3m

BOOSTED BY acquisitions, turnover of W. L. Pawson and Son, clothing manufacturer, rose from £1.78m to £1.63m and taxable profits advanced to £310,615 for the 26 weeks ended August 31, 1979, compared with £12,259 for the 36 weeks to August 31, 1978.

Results for the period include C. H. Bernard, shops and uniform manufacturing, and the Peggy French and Marida Hats operations, but exclude figures from Silhouette group which was acquired with effect from August 24.

The directors state that the recent acquisition of Lancashire and Cheshire Rubber Co. and G. R. Frankel will usefully contribute to second half profits. They add that current trading and prospects are encouraging, and they look forward to a successful year.

For the 1978/79 63 weeks have clipped £100,000 off first-

The retail side performed well during the six months, they add.

26 wks. 26 wks. 1979 1978

Turnover 4,829,801 1,777,198
Profit 626,273 195,409
Depreciation 109,762 24,363
Interest 215,903 28,787
Profit before tax 310,615 142,259
Tax 63,000 20,712
Profit after tax 247,615 121,547
Extraord. debts 759,265 99,132
Redundancy costs 134,265 and 25,000 losses incurred as result of disruption to production during major factory reorganisation and re-equipment.

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Mixed fortunes at discount houses

THREE discount houses announced their interim figures yesterday—two of them, Smith St. Aubyn and Co. (Edinburgh) and Gerrard and National Discount Company reported higher profits and the third Jessel Toyne and Co. a loss.

Midway profits of Gerrard and National, which included a 2 per cent rise in M.L.R., are higher than for the same period last year.

The profit from the recent sale of the company's holding in the Astley and Pearce Group has been credited directly to inner reserves.

Next April, when considering the dividend for the year as a whole, the board will take into account the removal of dividend control. The interim for the half year to October 5 is lifted from 4p to 5p.

Smith St. Aubyn earnings for

half year to September 30 1979 were greater than those for same period last year, and the interim is being raised to 3.5p net (2.5p).

Jessel Toyne's board state that, because of the unexpected rise in interest rates in June, the company made a loss in the first half of the current year.

The interim dividend is raised to 1.75p net (0.875p) to reduce disparity and the board does not anticipate recommending a final of more than 2.875p.

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Duport rises to £4.1m and holds interim

A PROFITS advance is announced by Duport for the first half to July 31, 1979, but the group is pegging the interim dividend.

At midway the group lifted taxable profits from £3.24m to £4.1m on turnover down from £101.2m to £97.8m. Interest charges rose from £722,000 to £1.11m. Figures for Burman and Sons, which was sold in July, 1978, have been included in the results for the 1978 half-time figures.

The directors say the first-half figures demonstrate the progress that is continuing to be made in all sectors. In addition, improvements in operating efficiencies are being made at the new steel-making plant. But for the disruption caused by the engineering dispute, they would have been looking for further profit growth in the second half. Last year's profits totalled £5.8m. Although only a small minority of employees were involved in the dispute the effects on the industry generally has seriously reduced profits in the steel and engineering sectors. The indications are that the patterns of demand will be distorted for some time.

Because it is not yet possible to assess the effect of the dispute, the question of a dividend increase has been left until the year-end.

After tax, SSAP 15 adjusted, of £572,000 (£558,000) the net profit is up from £238m to £357m. Stated basic earnings per 25p share are up from 5.7p

to 8.45p, and fully diluted from 5.3p to 7.92p.

The net interim dividend is 2.125p (2.055p) and there is a supplementary payment of 0.1335p (0.0404p) for the ACT reduction. Last year's total payment was 5.05893p.

Since publication of interim results for six months to July 31, 1978, subsidiaries formerly classified as general have been reclassified under engineering and domestic products. Analyses of profit and costs on trading for six months to July 31, 1978, and for year ended January, 1979, stated on trading turnover £101.2m; profit on trading £322,000; loss £1.11m.

Trading profits of the steel side at halfway rose from £2.5m to £3.5m, and the domestic products sector staged a turn-around from a £57,000 loss to £905,000. But the profits of the engineering operations slipped from £1.48m to £1.17m.

The directors say the improve-

ment in demand for engineering quality steels was maintained and order books were more satisfactory. However, margins, particularly on overseas business, continued to be under pressure.

comment

Duport should be on course for a recovery to 1977-78 profits level which indicates a fair measure of recovery from the downturn last year although it must be remembered that the group has made over £11m pre-tax for a year in the recent past. The half-time upturn stems principally from a 30 per cent improvement in the steel division, where the group is still cautious about overseas margins, and the beginnings of a worthwhile contribution from the consumer products division. The interim dividend is no more than maintained since there is a considerable degree of uncertainty as to immediate post-strike ordering patterns. On an historic basis, the yield at 8.5p is a reasonably attractive 10.7 per cent and, if £5m pre-tax is reached, the prospective p/e is 7.4. All of which looks broadly in line with estimates for Tube Investments. The dominant steel division will determine whether Duport can support a higher comparative rating and the benefits of the two new electric arc furnaces—which have been working as a pair for the last nine months—are not expected to come through fully for some time.

Marshall's Universal downturn half way

LOWER SALES and profits are reported by Marshall's Universal for the first half of 1979 but the directors say trading so far in the second six months shows an improvement and they are hopeful that some lost ground will be recovered.

Sales in the first half were down from £27.55m to £26.88m and pre-tax profits amounted to £1.41m against £2.04m in the same period last year. The interim dividend is effectively raised from 2.96p to 3.5p and a further scrip issue—on a one-for-four basis—is proposed. At the same time shareholders are being asked to approve an increase in the authorised capital from £4.5m to £5.5m.

It is intended to maintain the final dividend for the year on increased capital. The final payment last year was 3.047p when pre-tax profits were £4.02m.

UK sales 1978 1979 £m £m
Overseas 16.91 16.22
Total sales 26.54 25.57
Trading profit 1.98 2.78
Interest payable 5.2 1.2
Profit before tax 1.41 2.04
UK tax 2.92 4.32
Overseas tax 1.74 1.25
Net profit 5.70 6.68
Monthly 1.26 1.51
Avail. for shareholders 5.96 7.70
Ordinary dividend 2.11 2.7

The directors say UK trading was severely affected by a downturn in the motor division. At the same time, the removal of the main stores of the motor division parts distribution from Croydon to Gatwick involved

considerable pre-planning and initial disruption.

The components division had an excellent first half, reflecting the greater demand by the do-it-yourself market, and further diversification of our manufactured product range.

The paper division traded well despite late completion of the new warehouse. Although this prevented the division from taking full advantage of conditions, the profit increase was gratifying.

The Kenyan companies were short of supplies throughout the period under review and the group now has approximately £2m owed to it by the Kenya Government in non-interest bearing import deposits.

Looking to 1980, the directors are confident that the resumption of normal trading relations with Kenya in addition to the reduced interest charges that would result, will be a major step towards the restoration of the group's growth.

comment

The 31 per cent fall in interim pre-tax profits at Marshall's Universal provides the end of a 10-year record of rising earnings. The imposition of import deposits in Kenya has a severe impact on interest charges and the strength of sterling has taken its toll but, even without these two factors, trading results are down. Components and power are both doing well, so the damage has clearly been to the UK motor distribution. Marshall's

is a subsidiary of Duport, which has been involved in its 111 market share and the problem of maintaining its market share. The group is looking for a recovery in the second half of 1979. The interim dividend is effectively raised from 2.96p to 3.5p and a further scrip issue—on a one-for-four basis—is proposed. At the same time shareholders are being asked to approve an increase in the authorised capital from £4.5m to £5.5m.

Ranmar ahead to £285.400

AFTER BEING in a slump since 1974, Ranmar's earnings have improved and the interim dividend is up from 1.5p to 2.1p.

At halfway the group lifted taxable profits from £1.41m to £2.1p. The interim dividend is up from 1.5p to 2.1p.

At halfway the group lifted taxable profits from £1.41m to £2.1p. The interim dividend is up from 1.5p to 2.1p.

Armour Trust 48% higher and dividend restored

AGAINST A forecast of not less than £345,000 made in April with the rights issue, pre-tax surplus of £345,000, the interim dividend is up from 1.5p to 2.1p.

At halfway the group lifted taxable profits from £1.41m to £2.1p. The interim dividend is up from 1.5p to 2.1p.

A special resolution will be proposed at the annual meeting for the reduction of the share premium account in order to eliminate the revenue deficit. This will enable the company to pay dividends which under proposed legislation it would not otherwise be able to do.

Turnover was ahead by £0.45m at £7.45m. Tax takes £10,000 (£11,000) and after minorities and extraordinary credits, attributable profits advanced from £306,000 to £382,000.

The board's objective remains the consolidation of the recovery

seen so far—in the 1974-75 year the company incurred £748,000 losses. It is actively looking at acquisitions where experience gained over the last few years can be put to profitable use.

Group borrowing ratios have been reduced to more acceptable levels following the rights issue. Carter Penguin Group again achieved record profits during the year. The VAT increase has adversely affected demand, but a modest profit rise is anticipated this year.

Telesat maintained the previous year's strong recovery. It recently concluded an agreement with Distributors Finance Company, which has made available facilities totalling £1.25m to enable it to expand further its colour television rental business.

Turnover was ahead by £0.45m at £7.45m. Tax takes £10,000 (£11,000) and after minorities and extraordinary credits, attributable profits advanced from £306,000 to £382,000.

The board's objective remains the consolidation of the recovery

Changing pattern at PLL

A 6 per cent advance in annual premiums from £1.57m to £1.67m, life business, is reported by Provident Life Association of London for the nine months to September 30, 1979.

But the number of new policies issued during the period, at 9,381, was 24 per cent lower than the corresponding period last year, while new sums assured, at £100m, were 22 per cent lower.

This reflects the changing pattern of business, with whole life and term assurance business being replaced by endowment assurances. The proportion of annual premiums derived from with-profit business stayed unchanged at 63 per cent.

Pension and annuity business has declined substantially this year now the new State pension scheme is operational. New annual premiums have been virtually halved to £488,000, while new single premiums fell one-

third to £330,000. The 1978 figures were abnormally high because of the changes made to pension schemes to bring them in line with the requirements of the State scheme.

The general insurance results over the period from the company's subsidiaries, United Standard Insurance and Vigilant Assurance, show pre-tax profits trebled at £180,000 against £60,000. Underwriting losses have been reduced from £183,000 to £144,000, despite the severe weather in the first quarter.

Investment income improved 24 per cent to £314,000. Premium income from general insurance business fell slightly from £3.4m to £3.25m, reflecting the effects of the corrective action taken with stringent rating decisions.

The net interim dividend of Provident Life is effectively raised from 3.7273p to 4.8p—last year's final was 5.02p.

selincourt

Clothing and Textile Manufacturers

INTERIM STATEMENT

The Directors announce the following unaudited Group figures for the six months ended 31st July 1979.

| | 6 months to 31.7.79 (£000) | 6 months to 31.7.78 (£000) | 12 months to 31.7.79 (£000) |
|-------------------------|----------------------------|----------------------------|-----------------------------|
| TURNOVER | 32,600 | 28,671 | 61,915 |
| PROFIT BEFORE TAXATION | 1,155 | 1,704 | 4,562 |
| Taxation | 520 | 770 | 943 |
| PROFIT AFTER TAXATION | 635 | 934 | 3,619 |
| Minority Interests | 4 | 6 | 11 |
| ATTRIBUTABLE TO MEMBERS | 631 | 928 | 3,608 |
| DIVIDENDS | 365 | 268 | 710 |
| RETAINED | 266 | 660 | 2,898 |

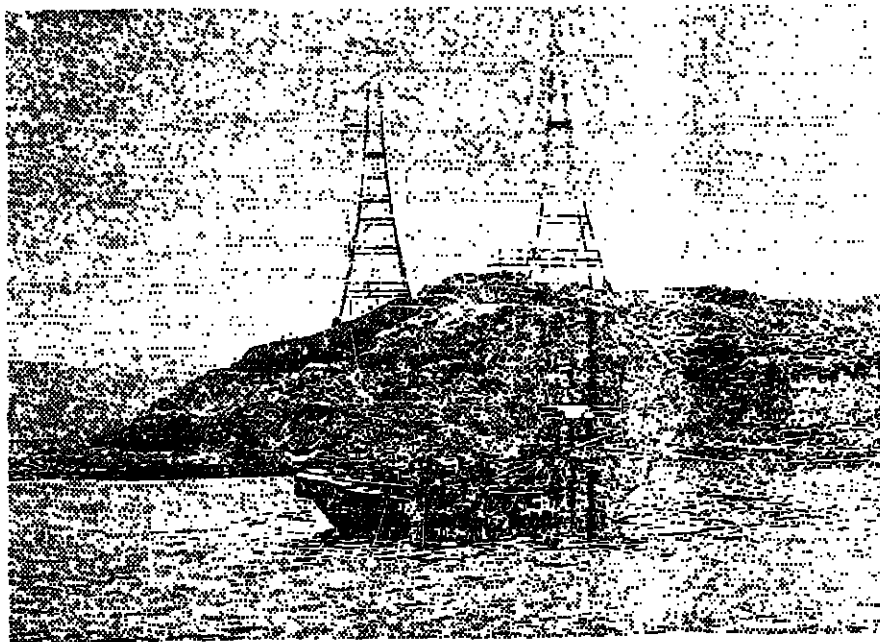
Turnover for the first half of the current year increased by 13.7%. The principal reasons for the reduction in profit for the period under review are increased interest charges, the general downturn in the retail trade following the measures introduced in the Budget, and the pressures on margins.

Although profit, before taxation, for the full year is not expected to reach the record level of 1978/79 the outcome should be more favourable than indicated by the results for the first half.

The Board is satisfied that the underlying strength of the Group justifies a 40% increase in the interim dividend net rate. Accordingly an interim dividend of 0.70p net per share is declared for the year ending 31st January 1980 (which is declared to 0.50p paid last year) requiring the sum of £382,405. This will be paid on 30th November 1979 to Ordinary Shareholders registered at 2nd November 1979.

Frank Usher — Jacquar — Filgree — Bush Baby — Tricosa
MacDougall of Scotland

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Scaffolds on the Rambler Channel used during the installation of the power transmission system linking Hong Kong with Kowloon.

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CABLES — CONSTRUCTION — ENGINEERING — METALS

17th October, 1979

Prof. Burns and the discreet charm of the mandarins

BY PETER RIDDELL, Economics Correspondent

THE APPOINTMENT of Professor Terry Burns as Chief Economic Adviser to the Treasury and Head of the Government Economic Service is an unusual and radical choice.

Professor Burns is different in many respects from his predecessors. Aged 35, he is at least 15 years younger than any previous chief adviser. Moreover, he is an outsider to Whitehall; his only official contact to date has been as a member of the academic panel of economists which advises the Treasury from time to time on technical aspects of its forecasting model.

Unusually for a top mandarin, Professor Burns does not have an Oxbridge background. A miner's son from Durham, he went to Manchester University and since graduating in the mid-1960s he has been at the London Business School.

He also has a more distinctive viewpoint on the economy than many of his predecessors. Indeed the most striking difference is that he is a prominent advocate of what may loosely be described as a monetarist approach in contrast to the broadly neo-Keynesian approach of previous chief advisers.

For several of these reasons Prof. Burns was not the first choice of many top Treasury officials. They would have preferred someone older with more official experience and closer to the neo-Keynesian traditions, someone like Prof. Robin Matthews from Cambridge. But Prof. Burns can be seen as an acceptable monetarist from Treasury officials' point of view. He is not regarded as either a whiz kid or a dogmatist, since in spite of his age he has built up a solid reputation both for his work on forecasting and for his economic analysis.

His appointment was very much the decision of Sir Geoffrey Howe and his fellow Treasury ministers following a lengthy Whitehall debate. They wanted someone who broadly shared their economic outlook and who would give a new direction to the economic side of the Treasury.

But in no sense is Prof. Burns a political appointee or adviser. He will be a civil servant, though for a fixed period of four years. He has never publicly stated his political views, indeed his approach contradicts any idea that monetarism is a party matter, and his views clearly influenced



Hugh Routledge
Prof. Terry Burns

Mr. Denis Healey's later policy on sterling.

Professor Burns is about as far away as it is possible to be from the Scrooge-like image of hardline monetarism conjured up by the Labour Left. The only subject on which he is hardline is his commitment to Queen's Park Rangers football club. He is a very approachable, amusing and relaxed man with a lively but practical intellect.

His appointment highlights the change in the nature of the economic debate and in policy over the last decade. He was educated in the traditional Keynesian framework with its emphasis on clearly defined income and expenditure relationships and on the short-term management of the level of demand in the economy.

The big change in his views came after the breakdown of the Bretton Woods system of fixed exchange rates in 1971-72. He then began looking at the influences on floating exchange rates. This led him to an examination of the monetary influences.

Professor Burns came to conclusions from 1973 onwards about the impact of the money supply on the balance of payments and on the exchange rate and the consequent impact on the price level. In particular, Professor Burns and his colleagues at the Business School have become among the main UK protagonists of what is known as international monetarism which stresses the im-

portance of the growth of the money supply in one country relative to that in other countries.

As director of the Business School's Centre for Economic Forecasting for the past three years Prof. Burns has also been closely involved in the public debate about UK economic policy.

In collaboration particularly with Dr. Alan Budd, a former Treasury economist, he has done a lot of work on the connections between monetary and fiscal policy and on the impact of price shocks, such as higher energy prices. This has led to criticism of the very short-time horizon of most governments.

Prof. Burns and Dr. Budd were among the earliest advocates—in October 1977—of the desirability of adopting medium-term financial plans. This would be a major innovation from the present practice of having all plans, apart from public spending, for only a year ahead. Instead, the Business School has urged that the Government should present plans for revenue as well as spending, for the rate of growth of the money supply and for public sector borrowing for several years ahead. This idea is now being considered by the Conservative Government.

Professor Burns has also been critical of the present Government in some respects, notably the sharp rise in the Value Added Tax in the mid-June Budget. Echoing the views of many inside, as well as outside, Whitehall he and Dr. Budd said in July that "the Government had created severe problems for itself by combining policies that are needed to reduce public sector borrowing (which we unreservedly welcome) with a large switch from direct to indirect taxation."

More recently Professor Burns has become involved in a heated controversy over the appropriate level of public sector borrowing during a recession. While urging a medium-term downward path for borrowing he said that borrowing should be allowed to rise next year as a result of a downturn in economic activity which would cut Government revenue and boost spending.

This rise need not be alarming, since other monetary influences, such as bank lending, should be much less buoyant than at present and should offset temporarily higher borrowing. On his view what matters is the under-

lying or constant employment level of borrowing. This view, which would commend him to many Treasury and Bank officials, has been criticised by some City monetarists as being too permissive.

Prof. Burns' activities as chief adviser on controversial issues like these will be only one side of his work. A large number of the 60 or so economists within the Treasury spend much of their time involved with the 552-equation forecasting model of the economy. There has been a growing feeling among economists and officials that the model has almost become too large to be mastered and comprehended by non-specialists. But Prof. Burns has more experience than almost any other outsider with the technical aspects of model building and a large part of his job will be interpreting and explaining the results to Ministers and to other officials.

Prof. Burns' most delicate task will be to provide new direction for the Treasury's economic side. Treasury Ministers of both parties have felt that recent chief advisers have not given clear leadership to the generally very able economists under them. A further uncertainty is provided by the current general reassessment of the work of the economists in view of the scepticism of the Tory Ministers about traditional forecasting techniques. Prof. Burns will have to clear up these uncertainties.

Prof. Burns may be envied by many other professional economists for having landed a plum job so young but it is also a major challenge. He will take over on January 1—from Sir Fred Atkinson who is retiring—at a time when the Government is about to reach decisions on its medium-term plans. The Treasury is certainly not monolithic and monetarist viewpoints are now represented alongside neo-Keynesian views. But he is an outsider coming in with views which are not wholly shared by his senior official colleagues, though admittedly with ministerial backing.

The Treasury in the past has proved adept at handling and, occasionally neutralising, such outsiders. So a lot of people, inside and outside Whitehall, will now be watching to see how Prof. Burns tackles the discreet charm of the mandarins.

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arrive 19.51*

SAN FRANCISCO
arrive 20.00*

LAS VEGAS
arrive 21.51*

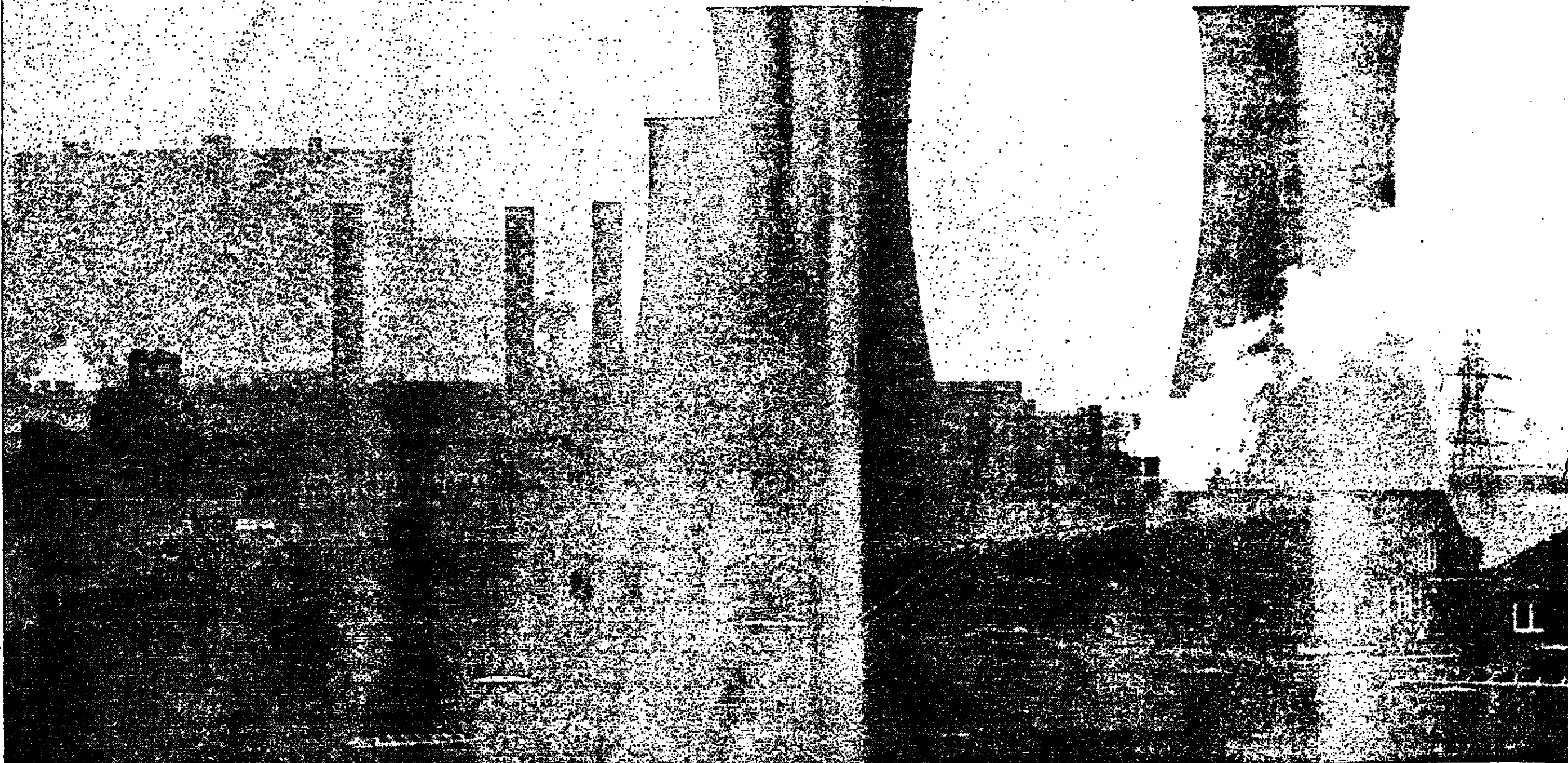
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In the present economic climate it is often forgotten that Great Britain was the first country in the world ever to be industrialised. Two hundred years ago Arkwright invented his 'Spinning Jenny'. Then the canals were built. Shortly after steam became the major force of industry. It is a singular heritage, and one which has left us a strange legacy.

When one drives through the old heartlands of British industry one sees the great monoliths of Victorian enterprise. There are the factories themselves, as well as the acres of terraced cottages. It is strange because whilst two thirds of the world is trying to become industrialised, Britain has museums devoted to its Industrial Revolution.

However, the elements of industrialism have changed. To

be competitive we must live with new technologies and, more importantly, we must live with new attitudes to working. The old reality must give way to the new. The places that are suitable for new ideas, both for people and technology, are different. Indeed, the standards that must be satisfied have changed. For instance, property must appeal to both people and commercial investment. Whilst it is important to preserve much of our industrial past, it is also equally necessary to develop our technological future. Savills appreciate both sides. It is easy to see that an area that was once perfect for industrialisation is no longer feasible for today's requirements. Equally, it is possible, with some foresight, to see the potential of a 'run-down' area. Britain is full of possibilities, and Savills understand this.

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NORTH AMERICAN NEWS

Chemical sector well ahead

BY DAVID LASCELLES IN NEW YORK

THE CHEMICAL business remained strong during the third quarter of this year, although there are signs of a weakening in the U.S. market, according to several companies who reported their quarterly earnings yesterday.

Du Pont, the largest chemical company in the U.S., said that its net income was \$251.6m (or \$1.72 per share) up 21 per cent on last year's \$208m or \$1.42.

Sales were up 19 per cent at \$3.1bn. However, the earnings benefit from the recent change in the UK inventory tax law.

Mr. Irvine Shapiro, chairman, said that the strongest growth

had been in business outside the U.S. where the physical value of shipments rose 22 per cent and sales by 38 per cent to just over \$1bn, with strength coming particularly from fibres, plastics, photo systems and electronic products.

At home, sales were up 12 per cent on last year's third quarter and down 5 per cent on the second quarter. Earnings on domestic business were 99 cents per share, down from \$1.07 in the same period last year, and down from \$1.01 in this year's second quarter.

Of Du Pont's operations, fibres showed some of the strongest gains, with worldwide

sales rising 23 per cent to \$1.03bn.

Mr. Shapiro warned, however, that rising material and energy costs combined with the softening of the U.S. economy "make it increasingly difficult to maintain the company's progress towards adequate profit levels."

Monsanto, fourth in the U.S. chemicals league, reported third quarter earnings of \$98.9m or \$2.73 per share compared with \$46.8m or \$1.28 last year. Sales were \$1.5bn, up from \$1.19bn.

The third quarter benefited from heavy demand for basic commodity chemicals, continued growth in worldwide demand for round-up herbicide and by

strong sales of specialty chemicals. Exports were also strong.

Celanese, the large fibre manufacturer, reported earnings \$37m or \$2.47 per share, up 12 per cent on \$33m or \$2.24 in the same period last year.

Sales were up 20 per cent at \$778m. However, virtually all of this gain came from Celanese's chemicals operation, where earnings per share nearly doubled from 95 cents last year to \$1.67 cents.

Fibres by contrast dipped sharply from \$1.05 to 53 cents. Plastics and specialties also dropped from 35 cents to 27 cents.

Slowdown in earnings growth at Champion

By Our Financial Staff

CHAMPION International, the plywood and paper group, commented yesterday that while its results for the third quarter exceeded "those of a strong quarter a year ago," there was increasing evidence of an economic slowdown.

Total net earnings improved by 8 per cent to \$60.7m for the quarter, with share earnings at \$1.15 a share against \$1.13 a share last time. At \$963.1m sales showed a 7.5 per cent gain.

For the nine months to date Champion has lifted net earnings by 30 per cent to \$204.2m or \$3.14 a share against \$156.2m or \$2.39 a share 25 per cent ahead at \$2.33bn.

The 1978 earnings totals exclude a charge of \$13.5m or 28 cents on settlement of antitrust action.

The effective tax rate was higher in the quarter than during the first six months of 1979 due mainly to a larger anticipated dividend from the company's Brazilian subsidiary.

Midland Marine

Shareholders of Midland Marine have approved revised terms for the merger with Hongkong and Shanghai Banking Corporation, writes our financial staff. Under the new terms, Hongkong is to pay \$25 a share for 3.12m shares and \$34 a share for a further 6.7m shares, for a total of \$305.8m.

The offer is to remain open until June 30 of next year and Marine Midland is to seek a national charter.

Profits up one-fifth at Security Pacific

By Our Financial Staff

MORE U.S. banks have reported higher earnings. Security Pacific National Bank—the tenth largest in the U.S.—said the second biggest in California—boosted third quarter earnings by over one-fifth.

Net profit for the latest three months was \$42m, compared with \$34.4m in 1978. At Manufacturers Hanover, which owns the fourth largest bank in the U.S., earnings advanced 17 per cent in the third quarter. They rose from a corresponding \$47.59m or \$1.46 a share to \$55.75m or \$1.86 a share in 1978.

Crocker National, parent of the fourth biggest bank in

California and 13th largest in the U.S., turned in third quarter operating earnings of \$21.6m, equal to \$1.60 a share primary or \$1.46 a share diluted.

Corresponding figures for 1978 were \$19.29m, equal to \$1.49 a share primary or \$1.32 diluted.

Wells Fargo increased third quarter operating earnings from \$31.82m or \$1.41 a share to \$34.41m or \$1.52 a share. Elsewhere, on the banking front, Bank of America, largest in the U.S., revealed that it had sold 51 per cent of its shares in Jamaica American Merchant Bankers to Desnos and Geedee, Jamaica's largest beverage producer (28 per cent), and Insurance Company of the West Indies (25 per cent).

Advance at Caterpillar Tractor

By Our Financial Staff

CATERPILLAR TRACTOR, the largest manufacturer of earth-moving machinery and equipment in the U.S., said that third quarter sales, up 22.9 per cent from a year earlier, benefited from some advance buying by dealers in anticipation of a United Auto Workers' strike.

Sales advanced to \$2.23bn against \$1.82bn for the same period last year. Net earnings rose 20.5 per cent to \$167.6m or \$1.64 a share against \$139.2m or \$1.62. On a fully diluted basis, earnings per share increased to \$1.87 against \$1.55.

Over the nine months, sales advanced 19 per cent to \$6.29bn against \$5.29bn. Net profit rose to \$465.2m or \$5.38 per share against \$408.8m or \$4.74.

Strong quarter for Sperry

By Our Financial Staff

A FURTHER strong rise in earnings in the second quarter is reported by Sperry Corporation, the business machinery group. Net earnings are 28 per cent up at \$67m, on sales 22 per cent higher at \$1.1bn. Share earnings for the quarter have moved up from \$1.48 a share to \$1.87.

Earnings have risen by 15 per cent to \$112.2m in the first half of the year, on sales 10 per cent up at \$2.2bn. Share earnings, at \$3.39, have increased from \$2.77.

Sperry said that its backlog of orders as of September 30 was \$3.2bn, up 21 per cent.

Mr. J. Paul Lyet, chairman and chief executive, said that the strong backlog position at each division "provides an excellent foundation for continued earnings and revenue gains for the rest of this year."

Threat to Chrysler Financial

By IAN HARGREAVES IN NEW YORK

CHRYSLER FINANCIAL, the dealer and customer financing arm of the Chrysler car company, is threatening to become a drain on the ailing parent company's finances. This has revived speculation that the subsidiary could be the next in line in Chrysler's asset disposal programme.

The subsidiary has been running more deeply into trouble in recent weeks because of the increasingly high costs of raising funds since Chrysler's credit rating was cut earlier this year and because of the recent increases in U.S. interest rates.

Before the parent company's credit rating was cut, Chrysler Financial raised most of its funds through the \$100bn a year U.S. commercial paper market.

In March the subsidiary had \$1.6bn outstanding in this market, but since then the level

has slumped to less than \$200m. The subsidiary has not issued any commercial paper for several weeks. Instead, it is having to rely on raising funds through conventional banking sources and is now in the process of completing a revolving credit package with a syndicate of several large U.S. banks.

The cost of these funds, however, since the increase to 14.5 per cent in the U.S. prime lending rate last week is such that Chrysler Financial has almost certainly started to lose money as it channels funds to purchasers of Chrysler vehicles.

The company's third quarter figures are currently being worked out and the financial subsidiary, company officials say, is likely to prove a negative factor and will certainly become negative in the fourth quarter.

The higher cost of Chrysler Financial's funds cannot easily

be passed on in full to its dealers, who are already in revolt over the fact that they are to be charged more than 16 per cent for stock financing.

Because it is well run and respected, Chrysler Financial has long been regarded as one of the corporation's most saleable assets and there is speculation that one of the larger importers of cars into the U.S. may be a ready buyer if Chrysler confirms its wish to sell.

Some importers feel, however, that the subsidiary remains an unacceptably high risk.

The problems with Chrysler Financial can be added to a series of unhelpful developments for the parent company in the last few days, the most serious of which was the announcement by a group of Japanese banks that it would no longer underwrite the cost of Chrysler's Japanese imports.

AMERICAN QUARTERLIES

| C. R. BARD | 1979 | 1978 |
|---------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 50.1m | 38.2m |
| Net profits | 3.4m | 3.0m |
| Net per share | 0.24 | 0.22 |
| Nine months | | |
| Revenue | 150.9m | 141.0m |
| Net profits | 9.1m | 8.7m |
| Net per share | 1.00 | 0.90 |

| BUCKEY-ERIE | 1979 | 1978 |
|---------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 130.7m | 124.5m |
| Net profits | 16.8m | 13.7m |
| Net per share | 0.83 | 0.68 |
| Nine months | | |
| Revenue | 411.7m | 393.2m |
| Net profits | 45.43m | 38.83m |
| Net per share | 2.23 | 1.36 |

| CHESEBROUGH-PONDS | 1979 | 1978 |
|-------------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 339.2m | 297.7m |
| Net profits | 28.8m | 25.8m |
| Net per share | 0.92 | 0.80 |
| Nine months | | |
| Revenue | 872.5m | 711.1m |
| Net profits | 66.58m | 56.54m |
| Net per share | 2.06 | 1.75 |

| CONGOLEUM | 1979 | 1978 |
|---------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 153.4m | 148m |
| Net profits | 13.77m | 11.03m |
| Net per share | 1.17 | 0.94 |
| Nine months | | |
| Revenue | 459.7m | 434.2m |
| Net profits | 37.85m | 29.26m |
| Net per share | 3.22 | 2.51 |

| DOVER CORPORATION | 1979 | 1978 |
|-------------------|---------|---------|
| Third quarter | \$ | \$ |
| Revenue | 186.31m | 131.28m |
| Net profits | 12.68m | 8.8m |
| Net per share | 0.90 | 0.64 |
| Nine months | | |
| Revenue | 477.4m | 387.3m |
| Net profits | 40.96m | 28.21m |
| Net per share | 2.30 | 1.75 |


| BROCKWAY GLASS | 1979 | 1978 |
|----------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 156.3m | 138.5m |
| Net profits | 3.75m | 7.5m |
| Net per share | 0.51 | 1.02 |
| Nine months | | |
| Revenue | 432.7m | 400.8m |
| Net profits | 12.99m | 21.01m |
| Net per share | 1.76 | 2.86 |

| CENTRAL SOYA | 1979 | 1978 |
|----------------|--------|--------|
| Fourth quarter | \$ | \$ |
| Revenue | 683.7m | 633.4m |
| Net profits | 1.4m | 4.7m |
| Net per share | 0.30 | 0.71 |
| Year | | |
| Revenue | 2.45bn | 2.2bn |
| Net profits | 33.6m | 29.9m |
| Net per share | 2.23 | 1.94 |

| CONRAC | 1979 | 1978 |
|---------------|--------|-------|
| Third quarter | \$ | \$ |
| Revenue | 35.4m | 30.3m |
| Net profits | 1.02m | 1.37m |
| Net per share | 0.45 | 0.63 |
| Nine months | | |
| Revenue | 100.6m | 87.0m |
| Net profits | 3.32m | 3.7m |
| Net per share | 1.48 | 1.68 |

| CROWN ZELLERBACH CANADA | 1979 | 1978 |
|-------------------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 162.6m | 128.0m |
| Net profits | 14.1m | 9.3m |
| Net per share | 1.70 | 1.14 |
| Nine months | | |
| Revenue | 456.7m | 371.4m |
| Net profits | 40.5m | 25.5m |
| Net per share | 4.95 | 3.17 |

| GENERAL PORTLAND | 1979 | 1978 |
|------------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 80.3m | 68.8m |
| Net profits | 8.4m | 6.8m |
| Net per share | 1.36 | 1.01 |
| Nine months | | |
| Revenue | 200.2m | 180.9m |
| Net profits | 15.97m | 12.58m |
| Net per share | 2.32 | 1.84 |



AFRICAN DEVELOPMENT BANK

U.S. \$150,000,000
LONG-TERM CREDIT FACILITY

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THE SANWA BANK, LIMITED

BANK OF CHINA

GULF INTERNATIONAL BANK B.S.C.

LANDESBANK RHEINLAND-PFALZ UND SAAR INTERNATIONAL S.A.

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BANK OF CHINA

GULF INTERNATIONAL BANK B.S.C.

LANDESBANK RHEINLAND-PFALZ UND SAAR INTERNATIONAL S.A.

AGENT

THE CHASE MANHATTAN BANK, N.A.

85 OCTOBER 1979

| W. W. GRAINGER | 1979 | 1978 |
|----------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 191.1m | 180.6m |
| Net profits | 12.59m | 10.56m |
| Net per share | 0.89 | 0.75 |
| Nine months | | |
| Revenue | 535.8m | 440.4m |
| Net profits | 35.2m | 27.13m |
| Net per share | 2.49 | 1.93 |

| KAISER CEMENT | 1979 | 1978 |
|---------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 71.1m | 68.8m |
| Net profits | 8.88m | 12.3m |
| Net per share | 1.23 | 1.81 |
| Nine months | | |
| Revenue | 191.8m | 188.8m |
| Net profits | 27.16m | 25.87m |
| Net per share | 3.89 | 3.82 |

| MAYTAG | 1979 | 1978 |
|---------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 92.9m | 85.4m |
| Net profits | 11.5m | 10.4m |
| Net per share | 0.86 | 0.78 |
| Nine months | | |
| Revenue | 268.3m | 235.2m |
| Net profits | 31.8m | 25.7m |
| Net per share | 2.38 | 1.97 |

| MEMOREX | 1979 | 1978 |
|---------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 186.0m | 152.6m |
| Net profits | 7.07m | 9.91m |
| Net per share | 0.67 | 1.30 |
| Nine months | | |
| Revenue | 544.2m | 450.0m |
| Net profits | 29.36m | 29.21m |
| Net per share | 3.67 | 4.06 |

| PUBLIC SERVICE ELECTRIC | 1979 | 1978 |
|-------------------------|--------|--------|
| Third quarter | \$ | \$ |
| Revenue | 592.1m | 547.5m |
| Net profits | 91.7m | 70.8m |
| Net per share | 0.87 | 0.95 |
| Nine months | | |
| Revenue | 1,776m | 1,636m |
| Net profits | 186.6m | 172.9m |
| Net per share | 2.33 | 2.26 |

| REPUBLIC STEEL | 1979 | 1978 |
|----------------|---------|--------|
| Third quarter | \$ | \$ |
| Revenue | 1,029m | 971m |
| Net profits | 28.49m | 30.85m |
| Net per share | 1.76 | 1.80 |
| Nine months | | |
| Revenue | 3,076m | 2,816m |
| Net profits | 110.88m | 77.71m |
| Net per share | 6.25 | 4.43 |

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day week Yield |
|-----------------------|--------|--------|--------|--------------------------|
| Alcoa Australia 10 89 | 60 | 89 1/2 | 90 1/2 | +0.01 13.09 |
| Alex. Howardson 10 89 | 30 | 78 1/2 | 80 1/2 | +0.01 13.09 |
| Alcan Canada 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcan U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day week Yield |
|-----------------------|--------|--------|--------|--------------------------|
| Alcoa Australia 10 89 | 60 | 89 1/2 | 90 1/2 | +0.01 13.09 |
| Alex. Howardson 10 89 | 30 | 78 1/2 | 80 1/2 | +0.01 13.09 |
| Alcan Canada 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcan U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.01 13.09 |
| Alcoa U.S. 10 89 | 30 | 84 1/2 | 86 1/2 | +0.0 |

UNDERWRITING IN THE U.S.

The \$7m cost of picking up the IBM tab

BY DAVID LASCELLES IN NEW YORK

A FEW weeks ago, everybody was laughing at IBM. Today, IBM is laughing at us.

This wry comment from a Wall Street broker last week seems to sum up the extraordinary saga of IBM's \$1bn bond issue. An offering which promised to set a new landmark in Wall Street, but ended up slapping underwriters with their biggest loss ever.

IBM can afford to feel satisfied. It got its money for a shade under 95 per cent. True, this would not have been much to smile about a few months ago. But had IBM come to the market only one week later it would have had to pay closer to 10 per cent, so precipitously did bond prices drop in the days following its announcement.

In one sense, IBM was plain lucky. The bond issue came just before the Fed's October 6 credit package, which pushed interest rates up to record levels.

But the market also gives the computer maker credit for the timing of its decision to seek long term money at a time when many people thought interest rates were close to their peak. In fact, IBM was acting on the advice of Salomon Brothers, the Wall Street investment firm, whose chief economist Henry Kaufman predicted last Christmas that interest rates would hit record highs by the end of this year.

Whatever Wall Street thought of the timing, everyone agreed to be in on the issue. Here was a top corporate borrower, rated Triple A, who had never tapped the capital market before—a sure thing if ever there was one. No fewer than 227 underwriters chipped in, many of them from abroad. They ranged all the way from co-managers Salomon Brothers and Merrill Lynch—who each underwrote \$125m of the issue—right down to less known regional houses.

In fact, so secure did the issue seem that the prospectus was a slim 14 pages long, of which fewer than two pages were about IBM and its ability to repay its debts.

The issue was priced on October 3 and launched on October 4. But already the market was weakening. At the time, it was only a question of how long the underwriting syndicate would hold on to the \$250m of unsold bonds in the hopes of a turn in the market. But with stocks and bonds falling out of bed like dominoes, the syndicate cracked, and the IBM issue was

freed for resale on October 10, where it plummeted five points within minutes.

According to Salomon, the underwriting group as a whole lost \$12m on the unsold portion of the issue, and made \$5m on the portion it sold, leaving it with a net loss of \$7m. Two-thirds of this loss, it said, would be borne by Merrill Lynch and

Salomon Brothers themselves. Fortunately for Wall Street, these two houses have the largest capitalisation in the U.S. Some \$700m between them.

But though Salomon blamed the fate of the issue on market conditions beyond their control, they can salvage some credit from the whole affair.

Sensing that interest rates were heading higher, they brought the issue date forward from mid-October to the beginning of the month and priced it slightly below the market to allow for any price slippage.

At the time, the move seemed academic, but in retrospect it probably saved the issue from total disaster because it prompted the Fed package. Few people care to speculate what would have happened if Salomon had stuck to the original date. But the fact that Wall Street was alive with rumours last week that the whole deal had been called off gives a clue to the tension.

In one way, the loss sustained by Salomon and Merrill Lynch is ironic since they only came to be lead managers of the issue after it was turned down by Morgan Stanley, IBM's traditional investment bankers. As a matter of policy, Morgan Stanley prefers to be sole manager for its clients' debt issues. But IBM, acting on Salomon's advice, wanted two managers because of the size of the issue. So, by sticking to what many people consider to be an outmoded policy, Morgan saved itself huge losses, though as underwriter for \$40m of the issue, it will have borne some of the brunt.

Commented Mr. Leon Reisman, the Salomon partner in charge of the IBM account: "The issue proved two things. One is the wisdom of using co-managers. The other is that the function of investment banks to take risks can be met under the most difficult circumstances."

The group, whose main products include matches, pencils and wood-glue, suffered a 23 per cent drop in turnover to SKr 244m in 1978. Operating profit jumped from SKr 2m to SKr 17m mainly as a result of cost-cutting.

The Kärnsjöns, Stockholm, office furniture and distribution centre product groups recorded marked improvements, but doors and windows were adversely affected. The company, which has 170,000 employees in Sweden, has a 100 per cent share in the Kärnsjöns, which has helped it achieve its full impact.

Drop in production at Italsider

BY RUPERT CORNWELL IN ROME

ITALSIDER, the state-owned major Italian steel producer, yesterday reported a drop of almost 10 per cent in output in the first half, despite a rise in sales by value of around 20 per cent to L1,545bn (\$1.9bn).

The Genoa-based group said that steel production in the first six months had fallen by 9.6 per cent or 500,000 metric tons from the level of the comparable period of 1978—and were 600,000 tonnes below the target fixed at the start of this year.

The reason, according to Italsider, lay in the labour disruption in the months before the conclusion of a new three-year contract in July. But the group has also been heavily handicapped by the chronic problems of its Bagnoli plant at Naples, and the high level of its indebtedness.

Although it gave no figures, the company, which produced 10.4m tonnes of steel in 1978, implied that it would again report a substantial loss for 1979. The deficit of L349bn (\$430m) last year, which followed one of L395bn in 1977, was a major contributor to the financial difficulties of Italsider's parent, the state conglomerate Istituto per la Ricostruzione Industriale (IRI).

Although investments in the first half totalled L103bn, and margins improved somewhat, Italsider spoke of damaging increases in certain production as well as financial costs. Overhead indebtedness remained little changed, although medium and long-term borrow-

ing at L2,294bn (\$2.9bn) at the end of June represented 61 per cent of total debt, against 58 per cent at the end of 1978.

The Milan-based Bnl Immobili Italia (BII), the real estate group controlled by the Bonomi-Bolchini family, is launching a public tender to strengthen its interest in Subalpina Investment, a holding company, AP-DJ reports from Milan.

BII already holds a 71.02 per cent stake in Subalpina, and the operation is felt to be aimed at a total merger of the two companies. BII is offering L3,000 per share for an unlimited amount of Subalpina stock. Subalpina shares are currently quoted at L2,800.

The tender will last from October 19 to November 8.

At the same time as this rights issue, which will raise the Italsider equity to a total of SwFr 233m (\$145m), shareholders will be asked at an extraordinary general meeting on November 6 to approve the creation of new capital of up to 50,000 participation certificates of SwFr 100 nominal value. The board would be empowered to issue these to the exclusion of stockholders' drawing rights.

The bank indicates that this further capital could be used in connection with a future convertible or option issue. A convertible issue by the Banca subsidiary, Gottardo Bank International, dating from 1977, has in the meantime been fully converted.

Upsurge in Swiss bourse activity

BY OUR ZURICH CORRESPONDENT

SWISS BOURSES have reported a sharp increase of trading activity in the first three quarters of this year. Turnover on the Zurich stock exchange totalled SwFr 8,910m (\$53.6bn) for the nine-month period, a rise of 17.9 per cent over the corresponding 1978 total, while the number of bargains went up from 181,114 to 194,983.

On the Basle exchange, turnover was higher for the period by as much as 27.8 per cent, at SwFr 19,658m (\$120bn) against SwFr 15,399m in January-September of last year. The number of bargains rising from 56,913 to 61,715.

Latest figures from the Geneva stock exchange, which does not publish turnover, are of 65,474 bargains for the first eight months of 1979, as compared with 57,888 for the same period of last year.

Over the first nine months of this year, international borrowing has totalled \$82,270m, compared with \$71,400m in the same period of 1978. This includes \$55,900m in bank loans (\$46.3bn last year) and \$26,400m in external bond issues against \$24,120m.

In September alone, international borrowing was off by 4.5 per cent to \$11,080m from \$10,610m.

The OECD figures show a sharp drop in international borrowing by East European countries, with only \$444m during the third quarter, compared with \$1,260m in the second quarter and \$1,330m in the first quarter.

OECD countries continued to borrow heavily, with \$2,190m during the third quarter, bringing the total for the first nine months to \$5,130m. Members of the OECD borrowed \$2,250m during the third quarter, for a nine-month total of \$19,150m.

Banca del Gottardo plans one-for-15 rights issue

BY JOHN WICKS IN ZURICH

THE SWISS BANK, Banca del Gottardo, plans a SwFr 9.1m (\$5.5m) rights issue in the light of a 10 per cent increase in balance sheet total to SwFr 2,360m (\$14.4bn) during the first nine months of this year.

The one-for-15 issue, to be made to existing holders of shares and participation certificates next month, will be in 50,000 Bearer shares of SwFr 100 par value at SwFr 182 each.

At the same time as this rights issue, which will raise the Italsider equity to a total of SwFr 233m (\$145m), shareholders will be asked at an extraordinary general meeting on November 6 to approve the creation of new capital of up to 50,000 participation certificates of SwFr 100 nominal value. The board would be empowered to issue these to the exclusion of stockholders' drawing rights.

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REPORT TO INVESTORS from a company called TRW

TRW Reports Higher Results for First Six Months

FINANCIAL HIGHLIGHTS
(U.S. Dollar Amounts in Millions Except for Per Share Data)

| | 1979 | 1978 |
|--|------------|------------|
| SECOND QUARTER | | |
| Worldwide Consolidated Sales | \$1,188.9 | \$ 956.4 |
| Pre-Tax Profit | 106.0 | 90.3 |
| Net Earnings | 54.2 | 46.9 |
| Earnings Per Share | | |
| Fully Diluted | 1.47 | 1.27 |
| Primary | 1.71 | 1.48 |
| Dividends Paid Per Common Share | .50 | .45 |
| SIX MONTHS | | |
| Worldwide Consolidated Sales | \$2,253.6 | \$1,826.7 |
| Pre-Tax Profit | 190.0 | 159.9 |
| Net Earnings | 98.0 | 82.7 |
| Earnings Per Share | | |
| Fully Diluted | 2.66 | 2.25 |
| Primary | 3.07 | 2.58 |
| Dividends Paid Per Common Share | .95 | .85 |
| Outstanding Common Stock | 28,970,000 | 28,255,000 |
| Shares Used in Computing Per Share Amounts | | |
| Fully Diluted | 26,907,000 | 26,745,000 |
| Primary | 23,226,000 | 28,756,000 |

TRW Inc., an international supplier of high technology products and services, reports 1979 second quarter and six months sales, earnings and earnings per share up substantially from 1978.

Sales for the second quarter reached \$1,189 million, a 24% increase over the year-ago total of \$956 million. Net earnings totaled \$54.2 million, a 16% increase over the \$46.9 million reported in the second quarter of 1978. Fully diluted earnings per share rose 16% to \$1.47 compared with \$1.27 in the year-ago period, while primary earnings per share increased 16% to \$1.71 versus \$1.48 in 1978's second quarter.

Sales for the first half of 1979 reached \$2,254 million, versus \$1,827 million for 1978's first half. Net earnings reached \$98.0 million, compared to \$82.7 million in the first half of 1978. Fully diluted earnings per share were \$2.66 compared with \$2.25 in the year-ago period, while primary earnings per share were \$3.07 versus \$2.58 in 1978's first half.

Two of TRW's three business segments, electronics and space systems and industrial and energy, reported gains in sales and operating profit for the second quarter over the year-ago period. The company's third business segment, car and truck, reported higher sales but reduced operating profit. TRW continues to expand its capital investment program to provide added capacity for new products and to improve productivity and reduce costs.

Despite signs of a weakening worldwide economy, TRW expects to report results for the whole of 1979 higher than those of 1978.

For more information on TRW, please write for a copy of our quarterly report: TRW Europe Inc., 25 St. James's St., London SW1A 1HA

A COMPANY CALLED TRW

BMW expects car sales to increase

BY OUR FINANCIAL STAFF

THE WEST GERMAN motor group, BMW, expects car sales to rise by 4 per cent for this year and to hold broadly level during 1980.

Car sales should total over 335,000 this year, Mr. Eberhard von Kuenheim, executive board chairman, writes in an article in the BMW house magazine. He explained that this prospect corresponds to the company's production possibilities.

Next year BMW expects no dramatic decline in total domestic registrations and foresees its own sales remaining at the 1979 level.

AMERICAN QUARTERLIES

| AMERICAN CYANAMID | 1979 | 1978 |
|-------------------|---------|---------|
| Third quarter | | |
| Revenue | \$20.7m | \$24.5m |
| Net profit | \$3.1m | \$3.8m |
| Net per share | 0.82 | 0.75 |
| Nine months | | |
| Revenue | \$61.6m | \$68.5m |
| Net profit | \$12.2m | \$12.2m |
| Net per share | 2.57 | 2.34 |

| AMERICAN HOME PRODUCTS | 1979 | 1978 |
|------------------------|----------|----------|
| Third quarter | | |
| Revenue | \$36.7m | \$42.4m |
| Net profit | \$10.8m | \$13.3m |
| Net per share | 0.88 | 0.98 |
| Nine months | | |
| Revenue | \$108.8m | \$125.8m |
| Net profit | \$29.7m | \$29.4m |
| Net per share | 1.87 | 1.84 |

| CRANE | 1979 | 1978 |
|---------------|---------|---------|
| Third quarter | | |
| Revenue | \$27.2m | \$31.3m |
| Net profit | \$1.7m | \$2.5m |
| Net per share | 1.70 | 0.83 |
| Nine months | | |
| Revenue | \$1.77m | \$21.8m |
| Net profit | \$1.8m | \$2.1m |
| Net per share | 4.15 | 2.43 |

| CROWN ZELLERBACH | 1979 | 1978 |
|------------------|----------|----------|
| Third quarter | | |
| Revenue | \$41.3m | \$60.4m |
| Net profit | \$3.1m | \$7.7m |
| Net per share | 1.30 | 0.30 |
| Nine months | | |
| Revenue | \$121.1m | \$184.8m |
| Net profit | \$9.5m | \$7m |
| Net per share | 3.91 | 2.82 |

| FLINTKOTE | 1979 | 1978 |
|---------------|---------|---------|
| Third quarter | | |
| Revenue | \$25.7m | \$27.8m |
| Net profit | \$4.7m | \$5.3m |
| Net per share | 3.45 | 2.18 |
| Nine months | | |
| Revenue | \$83.6m | \$84.4m |
| Net profit | \$16.8m | \$23.2m |
| Net per share | 8.48 | 4.11 |

| GEORGIA-PACIFIC | 1979 | 1978 |
|-----------------|---------|---------|
| Third quarter | | |
| Revenue | \$1.39m | \$1.2m |
| Net profit | \$0.82 | \$0.76 |
| Net per share | 3.94m | \$2.2m |
| Nine months | | |
| Revenue | \$25.7m | \$27.8m |
| Net profit | \$4.7m | \$5.3m |
| Net per share | 3.45 | 2.18 |

Deutsche Bank subsidiary profits steady

BY NICHOLAS COLCHESTER

DEUTSCHE BANK COMPAGNIE Financiere Luxembourg, the Luxembourg-based Euro-currency subsidiary of the big German bank, could only maintain its D-Mark profits in its latest business year, despite a 17.6 per cent increase in the subsidiary's balance sheet total.

The preliminary figures for the year to September 30, 1979 indicate that distributable profit will be slightly over the DM \$2m (\$18m) the bank achieved last year, all of which will be ploughed back into the bank's reserves.

The bank's management described this outcome as "not unsatisfactory, but also not good." They said that the decline in lending terms in the Euro-market was also affected by the fall of the dollar.

The bank's management started the business year expecting an improvement in lending terms in the Eurocurrency mar-

ket. They were disappointed, and accordingly reduced their participation in the loan market. During the year the subsidiary had managed to collect managed loans totalling DM 10.3bn, down from DM 37.7bn in the previous year.

For this year the management is taking a less positive view of likely developments in the market's lending terms. On the one

hand, they reckon that banks are increasingly coming up against their country lending limits, which should lessen competition in the loan market. On the other hand, they do not see any deterioration in the supply of dollar deposits to the Euro-market—partly because of the newly-increased oil surpluses which will need to be invested.

Domestic orders in the 10 months were 65.5 per cent up at DM 2,476m, while export orders rose by 32.5 per cent to DM 3,180m.

The order book at the end of July was DM 11,520m, 21.9 per cent higher than a year earlier.

The company said that estimates of results in the business year just completed are not available.

PNB buys Belgian bank stake

BY OUR FINANCIAL STAFF

PHILADELPHIA National Corporation, parent of the Philadelphia National Bank (PNB), has acquired a 10 per cent interest in Banque Nagelmackers SA, the ninth largest bank in Belgium, ranked by deposits, for approximately \$1.8m.

Banque Nagelmackers, which had assets in excess of \$500m

as of June 30, conducts a full range of commercial banking business through 99 branches in Brussels, Liege, Namur and elsewhere in French-speaking Belgium. Although its primary emphases have been in the commercial, industrial and consumer areas, it is active also in funds management, international lending, foreign exchange and bond underwriting.

Third quarter

Revenue

Net profit

Net per share

Nine months

Revenue

| HERCULES | 1979 | 1978 |
|---------------|---------|--------|
| Third quarter | | |
| Revenue | \$65m | \$49m |
| Net profit | \$8.4m | \$3.2m |
| Net per share | 1.56 | 0.73 |
| Nine months | | |
| Revenue | \$176m | \$144m |
| Net profit | \$14.7m | \$7.5m |
| Net per share | 3.29 | 1.79 |

| E. F. HUTTON | 1979 | 1978 |
|---------------|---------|---------|
| Third quarter | | |
| Revenue | \$21.7m | \$14.8m |
| Net profit | \$11.5m | \$11.1m |
| Net per share | 1.77 | 1.61 |
| Nine months | | |
| Revenue | \$59.2m | \$32.2m |
| Net profit | \$25.1m | \$24.5m |
| Net per share | 3.38 | 3.56 |

| LIBBEY-OWENS-FORD | 1979 | 1978 |
|-------------------|--------|---------|
| Third quarter | | |
| Revenue | \$3m | \$26.5m |
| Net profit | \$7.0m | \$24.4m |
| Net per share | 0.54 | 2.10 |
| Nine months | | |
| Revenue | \$9.4m | \$49.9m |
| Net profit | \$4.0m | \$4.8m |
| Net per share | 4.10 | 4.78 |

| LI LILLY | 1979 | 1978 |
|---------------|---------|---------|
| Third quarter | | |
| Revenue | \$50.4m | \$47.9m |
| Net profit | \$7.5m | \$10.5m |
| Net per share | 0.96 | 0.84 |
| Nine months | | |
| Revenue | \$156m | \$138m |
| Net profit | \$29m | \$21m |
| Net per share | 3.55 | 2.82 |

| MOTOROLA | 1979 | 1978 |
|---------------|---------|---------|
| Third quarter | | |
| Revenue | \$61.5m | \$37.2m |
| Net profit | \$8.4m | \$3.4m |
| Net per share | 1.34 | 0.98 |
| Nine months | | |
| Revenue | \$186m | \$108m |
| Net profit | \$24m | \$11m |
| Net per share | 3.90 | 2.86 |

| NORTHROP | 1979 | 1978 |
|---------------|---------|---------|
| Third quarter | | |
| Revenue | \$71.2m | \$62.7m |
| Net profit | \$20.7m | \$22.2m |
| Net per share | 1.46 | 1.56 |
| Nine months | | |
| Revenue | \$112m | \$135m |
| Net profit | \$6.8m | \$3.1m |
| Net per share | 4.91 | 4.46 |

All these securities have been sold. This announcement appears as a matter of record only.

October 16, 1979

\$18,000,000

iberpistasiberica de autopistas, S.A.
concesionaria del estado

Serial Floating Rate Mortgage Notes Due 1986

Smith Barney, Harris Upham & Co.
Incorporated

Banca Nazionale dell'Agricoltura

Banque Arabe et Internationale
d'Investissement (B.A.I.)

Banque de Paris et des Pays-Bas

Continental Illinois Limited

Daiwa Europe N.V.

National Bank of Abu Dhabi

Privatbanken A/S

Société Générale de Banque S.A.

Svenska Handelsbanken

Alahli Bank of Kuwait (K.S.C.) Algemeine Bank Nederland N.V. Banca del Gottardo Banco Urquijo Hispano Americano
Bank of America International Banque Bruxelles Lambert S.A. Banque Française du Commerce Extérieur
Banque Nationale de Paris Bayerische Landesbank Bayerische Vereinsbank B.S.I. Underwriters
Citicorp International Group County Bank Crédit Chimique Crédit Lyonnais Crédit du Nord
Richard Dens & Co. DG Bank First Chicago Fuji International Finance Genossenschaftliche Zentralbank AG
Girozentrale und Bank der österreichischen Sparkassen Hessische Landesbank Girozentrale
Kidder, Peabody International Kredietbank N.V. Kredietbank S.A. Luxembourggoise
The Nikdo Securities Co., (Europe) Ltd. Nomura Europe N.V. Société Bancaire Barclays (Suisse) S.A.
Société Générale Trade Development Bank Yamaichi International (Nederland) N.V.
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Banco Central, S.A.

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Telex: 3551 General, 3552 Foreign Exchange

Managing Directors: Ferdinand Krier, Jack J.A. Bantje

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**Banco de la Provincia de Buenos Aires**

Los Angeles Agency

\$30,000,000

Floating Rate Certificates of Deposit Due October 18, 1982

Dillon, Read Overseas Corporation

Bankers Trust International Limited

Banque Belge Limited

Crédit Lyonnais

Abu Dhabi Investment Company

Arab African International Bank

Banca Nazionale del Lavoro

Hollandsche Bank-Unie N.V.

Kuwait International Investment Co. s.a.k.

Riyad Bank Limited

Banco Union, C.A.

(A Venezuelan Corporation)

Acting through its Panama Branch

U.S. \$35,000,000

NEGOTIABLE FLOATING RATE
CERTIFICATES OF DEPOSIT
DUE 26 SEPTEMBER 1984

Notice is hereby given that the above referenced
Negotiable Floating Rate Certificates of Deposit are payable at
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and that the following banks have been appointed by Banco Union, C.A. as its paying agents:
Citibank N.A., 556 Street, London W.C.2.
Morgan Guaranty Trust Company of New York, 35 Avenue des Arts, 1040 Brussels.
Suisse Bank Corporation, Postfach 1, 8002 Zurich.

Agent
FIRST CHICAGO
LIMITEDWeekly net asset value
on October 17, 1979

Tokyo Pacific Holdings N.V.

U.S. \$66.85

Tokyo Pacific Holdings (Seaboard) N.V.

U.S. \$48.71

Listed on the Amsterdam Stock Exchange

Information: Pricson, Heiding & Pricson NV Herengracht 214,
Amsterdam.**VONTORL EUROBOND INDICES**

145.76 = 100%

| PRICE INDEX | 9.10.79 | 15.10.79 | AVERAGE YIELD | 9.10.79 | 15.10.79 |
|--------------------|---------|----------|--------------------|---------|----------|
| DM Bonds | 99.82 | 99.82 | DM Bonds | 7.368 | 7.515 |
| HFL Bonds & Notes | 97.08 | 96.57 | HFL Bonds & Notes | 8.948 | 9.042 |
| U.S. \$ Str. Bonds | 82.55 | 85.80 | U.S. \$ Str. Bonds | 10.355 | 10.571 |
| Can. Dollar Bonds | 92.85 | 90.80 | Can. Dollar Bonds | 11.052 | 11.483 |

Companies
and Markets**INTL. COMPANIES AND FINANCE****Fuji Bank
subsidiary
to issue
Swiss bond**

By Richard C. Hanson in Tokyo

JAPANESE city banks are about to win approval from the authorities for their overseas subsidiaries to issue foreign currency denominated bonds. Fuji Bank's Swiss subsidiary will become the first to float such a bond, on final approval from the Ministry of Finance, which is expected by the end of this month.

Under Japanese banking practice, only the long-term credit banks and the Bank of Tokyo are able to issue bonds at home or abroad. The big city banks, which form the core of Japan's commercial banking community, have long fought for the right to issue such bonds, and approval for the overseas subsidiaries to raise funds through bond issues would mark an advance toward that goal.

The securities industry has long opposed any moves which might allow banks to cut into their territory, with the battle lines extending into the Finance Ministry itself, and involving the Banking and Securities Bureau. The Banking Bureau is taking its cue for approving the bond issues by city bank "foreign units" from a recommendation made by a semi-private advisory committee on banking during the summer.

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**Japanese to
lengthen life of
national bonds**

TOKYO — The Japanese

Finance Ministry is expected to cut the amount of medium-term national bond flotations during fiscal 1979 ending next April by more than ¥1,000bn (\$4.3bn) from the planned total issued of ¥2,700bn, according to local underwriters.

The shortfall will be covered by an increase in the issue of 10-year national bonds, to keep the total national bond flotation in the year at the originally-planned ¥15,270bn, unless a rise in national tax revenue makes it possible to cut the total issue, they said.

The Ministry's original plan provided for the flotation of ¥500bn of two-year bonds, ¥1,700bn of three-year bonds, and ¥500bn of four-year bonds, all through competitive auction. Actual issues of medium-term bonds in the first seven months (April to October) of Fiscal 1979 were only ¥194.40bn of two-year bonds and ¥563.30bn of three-year bonds, for a total of ¥757.70bn or only 28 per cent of the projected amount. No four-year bonds have been issued.

This is because the yields at issue of medium-term national bonds have risen sharply, reflecting higher short-term money rates in Japan, and the ministry rejected some higher yield bids at the auctions in an effort to keep yields within a rigidly-controlled interest rate structure, the underwriters said. Mr. Masahiko Seki, president of the Federation of Bankers Associations, said that the ministry could have issued ¥550bn more of medium-term bonds, if it had strictly observed the rules of competitive auction. Reuter

**Hongkong Electric offers
loan stock with warrants**

BY PHILIP BOWRING IN HONG KONG

HONGKONG Electric is to make a rights issue of HK\$ 655m (\$127m) of 9.25 per cent secured loan stock 1988/82 with warrants attached.

The issue is a record size for Hongkong and is likely to bring a pause for consideration in the recently buoyant stock market. The issue basis is HK\$ 1 nominal of loan stock for three ordinary shares. Fifty per cent will be payable on December 17 — the closing date for application — and the balance is due by June 30.

The warrants will be exercisable between January, 1980 and December, 1988 at an average of the last dealing prices between December 6 and December 13 this year. HK Electric shares traded yesterday around HK\$ 4.80, prior to the announcement.

The company expects that earnings for 1979 will be "marginally" higher than the HK\$ 255m achieved last year. However, the debt issue will go towards the financing of a new power station, and HK Electric notes that under a new scheme of control agreed with the Government, a return of 15 per cent on new fixed assets is now being allowed, against 13.5 per cent for existing ones.

With the prime lending rate in Hong Kong up to 14.5 per cent and no sign yet of an early break in interest rates, the underwriters will be hoping that the warrants attached to the issue will be sufficiently attractive to entice ordinary shareholders.

The market for long-term fixed interest paper in Hong Kong is traditionally institutional. There is plenty of time

to exercise the warrants, but with the company's earnings from electricity generation — though not from its property and consumer durable operations — limited to a 15 per cent return, the warrants may not have quite the usual appeal.

Despite high interest rates, the financial markets here remain liquid. But the size of this issue is a sobering reminder to credit markets of the many schemes in need of finance on or beyond the drawing boards of major Hong Kong companies.

The HK electric issue will be underwritten by Wardley and Jardine Fleming, and will be issued a week tomorrow. The company will convene an extraordinary general meeting for November 12 to increase its authorised capital for full exercise of the warrants.

Further expansion at Ito-Yokado

BY YOKO SHIBATA IN TOKYO

IYO-YOKADO, the second largest supermarket chain in Japan, has announced a strong upsurge in sales and earnings for the first half to August. On an unconsolidated basis, operating profits rose by 27.1 per cent to ¥9.15bn (\$89m) and net profits by 35.2 per cent to ¥4.71bn on sales of ¥277.13bn (\$1.2bn), up 18.7 per cent, compared with the corresponding period of the previous year.

The upsurge in earnings was attributed to the steady expansion of three new shops; improved sales at existing shops; and a better financial position. The supermarket chain raised ¥20bn from a 12.5m share increase by public subscription at the end of February this year, part of which was appropriated

for the repayment of its borrowings. As a result, the group's debt to total sales ratio was trimmed slightly and its equity ratio improved to 38.2 per cent. The interim dividend has been raised to ¥8.5, from ¥7.5 a year ago.

On a consolidated basis, the unconverted amount of the company's two U.S. dollar-denominated convertible debentures (both \$50m issues were made last year) was exposed to the sharp depreciation of the yen, causing an exchange loss of ¥2.08bn. The same debentures generated ¥4.14bn of exchange gains a year ago due to the yen's appreciation. As a result, consolidated net earnings for the first half of the current year plunged sharply by 32.2 per cent to ¥4.29bn on con-

solidated sales 30.9 per cent higher at ¥289.56bn.

The company said its consolidated results did not provide an accurate reflection of business performance for the period, because it followed the Securities Exchange Committee, of the U.S., accounting system.

For the current half year ending next February, the parent company plans to open seven new shops on the grounds of strong consumer spending. As a result earnings prospects for the full year are said to be favourable.

Unconsolidated operating profits are projected at ¥19.5bn, up 20 per cent, net profits on the same basis at ¥8.5bn, up 20.1 per cent and unconsolidated sales at ¥270bn up ¥17.4bn over the previous fiscal year.

Indian Oil better than expected

BY K. K. SHARMA IN NEW DELHI

THE public sector Indian Oil Corporation, the country's largest company, had a record turnover of Rs 35,64bn (\$4.4bn) in 1978-79. It improved its sales of petroleum products to 17.29m tonnes and processed a record 10.95m tonnes of crude in its refineries.

Mr. C. R. Das Gupta, Indian Oil's chairman, said profit before tax in 1978-79 amounted to Rs 942.6m and net profit was a record Rs 692m (\$85m).

Mr. Das Gupta said that the

fears expressed last year that profits would fall because of the higher costs of crude had not materialised since reduced profits from refining had been offset by increased profits from marketing and pipeline operations.

Indian Oil increased its sales by Rs 5.65bn to Rs 35.64bn despite product prices remaining more or less unaltered. The turnover was higher than any other Indian company's.

Indian Oil account for more than 61 per cent of the petro-

leum industry sales in the country. During 1978-79, it sold over 17m tonnes of petroleum products compared with 15.88m tonnes in 1977-78.

The corporation has been given the responsibility of importing crude and petroleum products in which India is not yet self sufficient. Mr. Das Gupta said that he was contacting new sources like China, Mexico, Venezuela and Indonesia, in addition to traditional Middle East sources.

Phosphate venture for Hindustan Lever

BY P. C. MAHANTI IN CALCUTTA

HINDUSTAN LEVER, the offshoot of Unilever and one of India's largest private sector companies, has commissioned a Rs 220m (\$27m) industrial phosphate plant in Haldia, the promising industrial growth centre in West Bengal.

The chemical complex will be the largest private sector investment in West Bengal in recent

years and will have an annual production capacity of 30,000 tonnes of sodium tripolyphosphate, 54,000 tonnes of sulphuric acid, and 19,500 tonnes of phosphoric acid.

Apart from their considerable import substitution value, these chemicals will bridge a critical supply-demand gap in the eastern region where they are

also expected to foster further industrial growth in the near future.

Other multinationals, besides Unilever, would also be welcome to the area as long as they conformed to national policies governing foreign investment, the Chief Minister, Jyoti Basu, said, at the inauguration of the phosphate plant.

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U.S. \$20,000,000

Floating Rate U.S. Dollar Negotiable
Certificates of Deposit, due 24th October, 1984**THE DAIWA BANK,
LIMITED
LONDON**

In accordance with the provisions of the Certificates, notice is hereby given that for the initial six months interest period from 18th October, 1979 to 18th April, 1980, the Certificates will carry an Interest Rate of 14 1/2 per annum. The relevant interest payment date will be 18th April, 1980.

Merrill Lynch International Bank Limited

Agent Bank

US \$100,000,000

Republic of the Philippines

Floating Rate Notes Due 1986

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from 18th October, 1979 to 18th April, 1980 the Notes will carry an Interest Rate of 15% per annum and the Coupon Amount per US \$5,000 will be US \$381.25.

Credit Suisse First Bank Limited
Agent Bank

All of these shares having been sold, this advertisement appears as a matter of record only.

The whole of the issued share capital of MFI Furniture Group Limited ("the Company") is listed on The Stock Exchange.

The information given herein with regard to the Company and its subsidiaries ("the Group") has been supplied by the directors of the Company. The directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the directors accept responsibility accordingly.

MFI FURNITURE GROUP LIMITED

Placing by County Bank Limited of

33,000,602 Ordinary shares of 10p each at 72p per share

The shares now being placed have been acquired by County Bank Limited from Mr. N. A. V. Lister, Mrs. J. W. Searle and their family trusts and rank in full for all dividends hereafter declared or paid on the Ordinary share capital of the Company.

Authorised
£16,000,000

Share Capital

in 160,000,000 Ordinary shares of 10p each

Issued and
fully paid
£13,200,000

Directors

A. C. Southon, FCA (Chairman) New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
N. A. V. Lister (Joint Managing) New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
J. W. Seabright, MA (Joint Managing) New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
S. Chodry New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
D. R. Hughes, BA New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
D. S. Hunt New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
E. W. Lea, FCA New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
P. A. Lait (Non-Executive) Sterling House, Heddon Street, London, W1R 8BP.

Secretary and Registered Office
S. C. Moodley, BSc, Solicitor New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.

Auditors and Reporting Accountants
Berke Cohen Fine & Partners Chartered Accountants, Dorville House, 14 John Princes Street, London, W1M 9HB.

Stockbrokers
Kemp-Gee & Co. 20 Copthall Avenue, London, EC2R 7JS.
de Zoete & Bevan 25 Finsbury Circus, London, EC2M 7EE.

Solicitors to the Company and to County Bank Limited
Slaughter and May 35 Basinghall Street, London, EC2V 5DB.

Solicitors to the Vendors
Titmuss, Sainer & Webb 2 Serjeants' Inn, London, EC4Y 1LT.

Bankers
National Westminster Bank Limited 15 Bridge Road, Wembley Park, Middlesex, HA9 9AE.

Registrars and Transfer Office
National Westminster Bank Limited Registrar's Department, P.O. Box 82, 37 Broad Street, Bristol, BS99 7NH.

SELECTED INFORMATION

The following information must be read in conjunction with the full text of this document.

- The family holdings of the two co-founders of MFI together with their family trusts represented, prior to this Placing, 49.6 per cent. of the issued share capital. These shareholders informed the board of the Company that they wished to realise about half of their shareholdings in order to follow a more broadly based investment policy. The vendors intend to retain their remaining shareholdings in the Company for the foreseeable future.

No new funds are being raised by the Company.

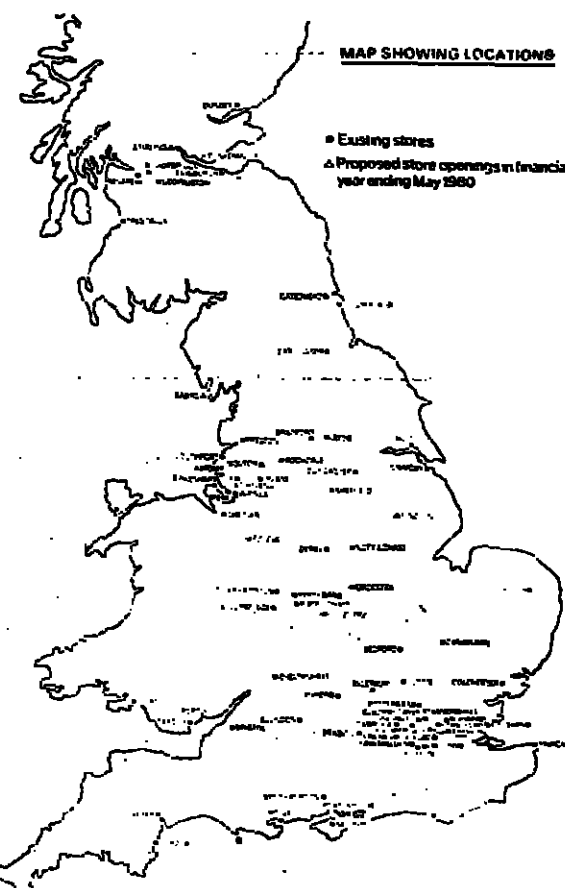
- MFI sells self-assembly furniture in volume at highly competitive prices mainly from edge-of-town sites with extensive car parking. MFI is one of the largest furniture retailers in the United Kingdom, operating 69 stores. Another 10 store openings (including 2 relocations) are planned before June 1980. MFI is the market leader in self-assembly furniture.

- A summary of the trading record in recent years is set out below:—

| Year ended May | Turnover £'000 | Profit before taxation £'000 | No. of stores | Total square footage '000 |
|----------------|-------------------|---------------------------------|---------------|------------------------------|
| 1975 | 15,232* | 78 | 33 | 424 |
| 1976 | 21,149 | 1,018 | 39 | 523 |
| 1977 | 33,728 | 1,862 | 52 | 730 |
| 1978 | 55,043 | 5,337 | 56 | 850 |
| 1979 | 87,466 | 13,979 | 64 | 1,102 |

*Includes £2,724,000 mail order sales.

- Placing price 72p
- Total value of issued share capital at the Placing price £95 million
- Forecast profit before taxation for the financial year ending 31st May 1980 at least £18.0 million
- Estimated earnings per share for the financial year ending 31st May 1980
 - on the basis of a 52 per cent. tax charge 6.55p
 - on the basis of the expected tax charge 8.52p
- Estimated price earnings multiple at the Placing price
 - on the basis of a 52 per cent. tax charge 11.0 times
 - on the basis of the expected tax charge 8.44 times
- Estimated dividends per share for the financial year ending 31st May 1980 2.62p
- Dividend cover based on estimated dividends and earnings for the financial year ending 31st May 1980 on the basis of a 52 per cent. tax charge 2.5 times
- Estimated gross dividend yield at the Placing price 5.2 per cent.



REASONS FOR THE PLACING

On 18th October 1979 33,000,602 shares were purchased by County Bank Limited from Mr. N. A. V. Lister, a joint Managing Director of the Company and co-founder of MFI (15,659,500 shares), Mrs. J. W. Searle, widow of the other co-founder of MFI (8,732,500 shares) and their family trusts (8,608,602 shares) ("the vendors"). Of these shares, 32,500,602 are being placed by County Bank Limited through The Stock Exchange and the balance of 500,000 shares are being offered to employees of the Group at the Placing price. Any shares not taken up by employees will be retained by County Bank Limited.

Following the flotation of M.F.I. Warehouses Limited in May 1971, Mr. N. A. V. Lister, the late Mr. D. A. Searle and their families held 59.4 per cent. of the then issued share capital valued at £4.8 million at the flotation price. On 15th October 1979 the share capital valued at £4.8 million at the flotation price, of the Company valued at vendors held 49.6 per cent. of the issued share capital of the Company valued at £54.0 million based on the middle market quotation on that day as calculated from The Stock Exchange Daily Official List. For some time the vendors have been considering the disposal of a substantial part of their holdings in the Company in order to follow a more broadly based investment policy. Such a disposal should reduce the Company's exposure to the problems often associated with very large family holdings.

In view of the proportion of the issued share capital of the Company that the vendors' holdings represented, discussions were held between the vendors, the Company and its advisers as to the most suitable means of achieving the vendors' objective. Having regard to the interests of the vendors, the Company, and its shareholders, it was concluded that the disposal should be effected by a placing through The Stock Exchange, based upon a document incorporating current information on MFI and its operations.

It is the vendors' intention to retain for the foreseeable future their remaining shareholdings in the Company, representing 24.6 per cent. of the issued share capital and valued, at the Placing price, at £23.4 million; certain undertakings have been given by the vendors to County Bank Limited, details of which are set out under "Contract with County Bank Limited" in Statutory and General Information.

The following information concerning MFI has been received by County Bank Limited from the directors of the Company:—

INTRODUCTION

MFI is one of the largest furniture retailers in the United Kingdom and is the market leader in self-assembly furniture. It now operates 69 stores located throughout the United Kingdom.

A summary of the trading record, the number of stores and total square footage over the last five financial years, ended approximately 31st May, is set out below:—

| Year ended May | Turnover £'000 | Profit before taxation £'000 | No. of stores | Total square footage '000 |
|----------------|-------------------|---------------------------------|---------------|------------------------------|
| 1975 | 15,232* | 78 | 33 | 424 |
| 1976 | 21,149 | 1,018 | 39 | 523 |
| 1977 | 33,728 | 1,862 | 52 | 730 |
| 1978 | 55,043 | 5,337 | 56 | 850 |
| 1979 | 87,466 | 13,979 | 64 | 1,102 |

*Including £2,724,000 mail order sales.

History and Development of MFI

MFI originated as Mullard Furniture Industries Limited which was incorporated in April 1964 and at that time was selling a limited range of low price furniture by mail order using national advertising. The range of merchandise was extended and in 1967 sales began from retail warehouses. By May 1971 nine retail warehouses had been opened and Mullard Furniture Industries Limited, whose name had been changed to M.F.I. Warehouses Limited, became a public company and obtained a Stock Exchange listing.

Between August 1974 and July 1975, in line with MFI policy, the resources, management efforts and energies of the group became increasingly concentrated on developing retailing from stores as the mail order operation was run down and then closed. MFI saw the growth potential of retailing furniture packed flat for home assembly, a concept developed in the mail order business, which enabled MFI to sell competitively priced furniture from stock.

Since then the range of merchandise sold has been extended and continuously upgraded in both quality and design. Advances have also been made in simplifying and improving methods of self-assembly which have increased the appeal of MFI's furniture.

Methods of display have undergone considerable change. Originally, single items of merchandise were exhibited with packed stock projecting a "warehouse" image. Each store now has an attractive showroom with a large warehouse enabling immediate collection of goods by customers. Emphasis has been placed on the selection of sites and geographical coverage has been extended. To reflect these developments M.F.I. Warehouses Limited changed its name to MFI Furniture Centres Limited in 1977.

In June 1979 a reorganisation was effected which involved the separation of the retailing and property activities. A new holding company, MFI Furniture Group Limited, was formed; MFI Furniture Centres Limited continued to be responsible for retailing activities and MFI Properties Limited assumed responsibility for all property matters. This reorganisation recognised the increasing importance that site finding and development of stores play in the growth of the business.

BUSINESS

MFI sells self-assembly furniture in volume, mainly from edge-of-town sites with extensive car parking. The range now sold includes bedroom, kitchen, dining room and lounge furniture, most of which is manufactured to MFI's own requirements. It is MFI's policy to offer furniture, for which demand is already established, at highly competitive prices which are within the reach of an increasingly wide range of households.

MFI's marketing skills and close co-operation on design and production with a limited number of carefully selected manufacturers are important factors contributing to the success of this policy.

Almost all items are sold packed flat, requiring simple assembly by the purchaser. This method of sale allows a greater range and quantity of stock to be held at each store, ensuring that most items are immediately available from stock in contrast to the traditional high street retailer. Most customers take away their purchases and MFI facilitates this by providing roof racks if necessary. A delivery service is also available.

Approximately 84 per cent. of sales are settled in cash or by cheque. MFI does not offer credit to its customers. Access and Barclaycard are accepted and hire purchase facilities can be arranged for customers through consumer credit companies.

Importance is attached to the appearance of store interiors. The store development department maintains and improves the high standards that have been achieved, using MFI's own skilled teams of shopfitters. Room displays using modern lighting techniques and carpeted floors provide an attractive setting which emphasises the quality and illustrates the complementary nature and variety of the merchandise. Opening hours are structured to meet customers' needs with late openings on Mondays and Fridays and openings on the majority of Bank Holidays. A major factor in MFI's success has been the high level of service and assistance which customers have come to expect from MFI's staff; the directors give a high priority to the maintenance of these standards.

In 1978 an export subsidiary was established with a view to extending the sale of MFI's range of merchandise abroad. Export sales in the year to May 1979 amounted to £306,757.

Advertising

Although MFI enjoys a considerable degree of customer loyalty, it advertises widely to attract customers to the edge-of-town locations from which it operates. The nationwide coverage of MFI's stores enables full advantage to be taken of national advertising. Extensive use is therefore made of the national press, supplemented by local press and selective use of television and radio. The cost effectiveness of all forms of advertising is closely monitored and, as the store network has grown, MFI has been able to reduce the cost of national advertising as a proportion of turnover.

Periods of peak advertising are normally associated with the three main "Sales" periods, in August, immediately after Christmas and at Easter, and with new store openings. Use is also made of sales promotions in which selected products are sold at low margins. These promotions significantly increase customer traffic through the stores.

Suppliers

MFI's requirements, in terms of volume, quality, design and price of furniture, have necessitated a highly developed approach to buying. MFI has a team of specialist buyers whose responsibility it is to research the furniture market, identify product trends, discuss designs and specifications with suppliers and negotiate conditions of purchase, delivery and price.

It is MFI's policy to be the major customer of each of its suppliers and, in some instances, the whole of the manufacturer's output is taken. By limiting the number of items produced by a single manufacturer considerable economies are achieved and high levels of quality are maintained. MFI's quality control department visits suppliers to advise and report on the maintenance of production standards and regular checks are made on their deliveries. MFI also provides assistance with production planning and pays promptly for merchandise. As a result a number of major suppliers have been able to hold, or even in one case to reduce, their prices over the last 18 months with increased costs of raw materials and labour offset by more efficient production methods and increased volumes. In addition, close co-operation with suppliers enables MFI to react rapidly to meet changing patterns of demand.

Imported merchandise, mainly from Europe and the Far East, accounted for approximately 36 per cent. of purchases in the financial year ended 30th May 1979. This proportion has fallen from previously higher levels as United Kingdom manufacturers have developed additional capacity to satisfy MFI's requirements and this trend is expected to continue.

MFI FURNITURE GROUP LIMITED

Of MFI's suppliers, ten accounted for approximately 82 per cent. of purchases in the financial year to 26th May 1979, with the two largest suppliers accounting for 28 per cent. and 26 per cent. respectively. In the first four months of the current financial year, the proportion of total purchases from the largest supplier has increased to 35 per cent.

The interdependence between MFI and its suppliers has produced effective and flexible sources of supply which have contributed materially to the success of the Group. Whilst a major disruption at an existing supplier could affect the Group temporarily, the directors are confident that alternative sources of supply could be developed rapidly both within the United Kingdom and abroad.

Pricing Policy

MFI's policy is to price its furniture at levels which are significantly below those of equivalent fully assembled products and which are competitive with those of other retailers of self-assembly furniture. Economies arising from the volume of purchases and close co-operation with suppliers have enabled MFI to sustain this policy and at the same time achieve favourable trading margins. Low margins are only acceptable on certain promotional products.

Stores

The Group has 69 retail stores of which 21 are freehold, 5 are long leasehold (over 50 years unexpired) and 43 are short leasehold.

MFI Properties Limited is now the subsidiary responsible for the acquisition, development and management of the Group's properties and is constantly seeking suitable premises and sites available for development in selected areas. In the past, existing properties such as motor car showrooms and warehouses have been acquired and adapted to meet MFI's trading requirements. The current policy is to develop purpose-built units on freehold sites in edge-of-town locations where property costs are relatively low.

The total store area is 1,225,000 square feet of which approximately half is used for showrooms and the provision of customer collection facilities and the remainder for holding stock. Although the average size of the present stores is 17,750 square feet, MFI aims to acquire new units of approximately 25,000 square feet with good car parking facilities, and to replace the smaller premises by larger units. The stores at Manor Park, Edinburgh, Bournemouth and Grimsby have already been relocated. The store at Swansea is to be relocated in December 1979 and that at Hull in May 1980. The store at Harrogate was closed in September 1979.

MFI's current policy is illustrated by the following schedule of recent and proposed openings—

| Date 1979 | Location | Area (square feet) | Tenure |
|-----------|-------------------------|--------------------|-----------------------------|
| February | St. Helens | 19,700 | Freehold |
| March | Grimsby (relocation) | 17,200 | Short leasehold |
| May | Golders Green | 24,900 | Freehold |
| June | Glasgow, Bishopbriggs | 29,100 | Freehold |
| | Stourbridge | 14,200 | Freehold |
| | Torquay | 22,200 | Freehold |
| July | *Southend | 23,200 | Freehold |
| September | *Newport, Isle of Wight | 20,300 | Freehold |
| | *Liverpool, Speke | 28,000 | Long leasehold |
| October | *Stoke-on-Trent | 27,600 | Freehold |
| November | Newport, Gwent | 17,600 | Short leasehold |
| December | Swansea (relocation) | 24,400 | Long leasehold |
| 1980 | | | |
| February | Greenwich | 22,200 | Short leasehold |
| March | Stirling | 20,000 | Freehold |
| | Bolton | 27,800 | Freehold and Long leasehold |
| April | *Lincoln | 26,000 | Long leasehold |
| May | *Dunfermline | 24,300 | Freehold |
| | *Barnrow-in-Furness | 30,000 | Freehold |
| | *Hull (relocation) | 25,200 | Long leasehold |

*Purpose built.

Distribution and Warehousing

MFI distributes about half of the merchandise to the stores from its central distribution centre in Bedford; the remainder is delivered direct from suppliers. Distribution from the central warehouse is carried out by MFI's own transport fleet.

In May 1976 MFI took a lease on warehouse premises at Bedford of 205,000 square feet for warehousing merchandise for distribution throughout the United Kingdom. Subsequently, additional adjacent premises were leased bringing the total area to over 300,000 square feet. A retail store is also trading from this site.

A substantial increase in warehousing facilities will be needed to accommodate projected requirements. MFI Properties Limited has therefore entered into a contract with The Northampton Development Corporation to acquire on a 99 year building lease 32 acres of land in Northampton situated within 4 miles of the M1. It is well located to service the existing and projected geographical spread of stores. Work has recently been commenced on a 600,000 square foot warehouse, ancillary distribution offices and a retail store. It is expected that the building will be completed in the Autumn of 1980, at which time the leases of the existing warehouse premises at Bedford will be disposed of. The anticipated cost of this development, including the cost of the land and an option to acquire a further 11 acres of adjacent land within the next 2 years, is £6 million. Further details are given under "Material Contracts" in Statutory and General Information.

MANAGEMENT AND STAFF

The rapid growth of MFI, following the decision to concentrate wholly on stores retailing, has in part been the result of developing and strengthening the management team to complement the entrepreneurial flair that already existed. The reconstruction of the group earlier this year led to the separation of the retailing and property activities and provided an opportunity to recognise and strengthen the second tier of management. The board of the Company is as follows—

Directors

A. C. Southon, FCA, aged 63, is executive Chairman. He joined MFI in 1968 and became Chairman in 1971.

N. A. V. Lister, aged 51, is Joint Managing Director and was one of the two founders of MFI. He has special responsibilities within the areas of buying, advertising and site finding.

J. W. Seabright, MA, aged 50, is Joint Managing Director and joined MFI in August 1974. He has responsibility for the day to day organisation and administration.

S. Chodry, aged 57, joined MFI in 1969 and is the Merchandise Director responsible for buying policy and store development.

D. R. Hughes, BA, aged 37, joined MFI in October 1978 and in November 1978 was appointed Director responsible for marketing, advertising and promotions.

D. S. Hunt, aged 40, joined MFI in May 1973 and is the Director responsible for retail operations.

E. W. Lea, FCA, aged 38, joined MFI in March 1978 and was appointed Finance Director in September 1978.

Philip Lait, aged 51, is a Non-Executive Director. He is chairman of Philip Lait & Co. Limited, a major supplier.

Senior Management

In addition to the directors of the Company, the following are senior executives of the Group—

| MFI Furniture Centres Limited | Age | Position |
|-------------------------------|-----|----------------------------------|
| J. Dooley | 47 | Distribution Director |
| K. Green | 36 | Regional Director (North) |
| S. R. Harrop | 42 | Regional Director (South) |
| D. G. Love | 33 | Buying Director |
| J. O'Connell | 32 | Buying Administration Director |
| MFI Properties Limited | | |
| S. C. Moody, BSc. | 45 | Property Administration Director |
| M. D. Shaw | 33 | Store Development Director |
| J. C. Banks, ARICS | 26 | Non-Executive Director |
| Group Services | | |
| J. T. Beer, BSc. | 43 | Personnel Manager |
| H. F. Bridges | 60 | Administration Manager |
| T. H. Glasgow | 44 | Internal Audit Manager |
| M. Goodhew | 39 | Management Services Manager |
| A. R. Griffiths | 39 | Export Manager |
| M. Mullen | 34 | Advertising Manager |
| J. D. Randall, ACMA | 34 | Financial Controller |

The Group has approximately 2,500 employees of which 600 are part-time. Of the total, 2,100 work in the stores, 180 in the central warehouse and 220 are based at the head office in Wembley.

Great importance is placed on career development for all staff and it is a central theme of the management philosophy that employees should be rewarded for enterprise and achievement, predominantly through incentive payment schemes.

Management control of the stores is exercised through a system of area managers who are responsible for the performance of the stores within their area. Store managers are responsible for store performance and the control and welfare of staff under their supervision.

Particular attention is paid to staff training and each year since 1976 MFI has received a Distributive Industry Training Board Award.

There is a contributory pension scheme for all full time staff who have more than 2 years' service and who are more than 24 years of age.

PROFIT FORECAST

On the basis of the assumptions set out under "Information Relating to the Profit Forecast" the directors of the Company forecast that in the absence of unforeseen circumstances the profit of the Group before taxation for the financial year ending 31st May 1980 will be at least £18.0 million.

The following table sets out, by way of illustration only, how profit before taxation of £18.0 million would be appropriated assuming (in column A) a charge for corporation tax at 52 per cent. and (in column B) the expected tax charge for the financial year ending 31st May 1980 based on the forecast tax charge calculated in accordance with the Group's present accounting policy. The figures assume total dividends for the financial year ending 31st May 1980 of 2.62p per share (excluding the related tax credit) on the basis of the Company's policy, as outlined at the last Annual General Meeting, of increasing dividends at least in line with profits. It is also assumed that no entitlements to dividends will be waived.

| | A £'000 | B £'000 |
|------------------------|------------|------------|
| Profit before taxation | 18,000 | 18,000 |
| less: Taxation | 9,360 | 6,750 |
| Profit after taxation | 8,640 | 11,250 |
| less: Dividends | 3,458 | 3,458 |
| Retained Profit | 5,182 | 7,792 |

Cover for dividends 2.5 times

At the Placing price of 72p the gross dividend yield would be 5.2 per cent.

On the basis of the above illustration, the earnings per share based on a 52 per cent. tax charge would be 6.55p and at the Placing price the Company would be valued on a price earnings multiple of 11.0 times. On the same basis, but taking the expected tax charge, the earnings per share would be 8.52p and the price earnings multiple would be 8.44 times.

PROSPECTS

The growth of MFI's turnover and profits has been outstanding over recent years. Whilst continuation of this exceptional rate of growth cannot be anticipated in the future, the directors are confident that prospects remain excellent. This confidence is founded on the following factors:

● The recent trading performance of MFI reflects its ability to meet consumer needs for furniture at competitive prices with immediate availability from stock. In addition the public has shown a growing interest in DIY products which has led to an increasing demand for self-assembly furniture.

● Current negotiations with suppliers indicate that prices of MFI's products will continue to be competitive.

● A substantial proportion of the population is already aware of MFI's products through national advertising, but is not yet within easy reach of an MFI store. Accordingly, in addition to the proposed openings for the remainder of the current financial year, plans are well advanced for further new stores in the financial year ending May 1981.

ACCOUNTANTS' REPORT

The following is a copy of the report received from Berke Cohen Fine & Partners, Chartered Accountants, to the directors of the Company and of County Bank Limited—

The Directors,
MFI Furniture Group Limited,
County Bank Limited,
Donville House,
14 John Prince Street,
London, W1M 9HB,
17th October 1979.

Gentlemen,
We have acted as auditors to MFI Furniture Group Limited ("MFI Furniture Group") since its incorporation on 19th January 1979 and to its principal trading subsidiary, MFI Furniture Centres Limited ("MFI Furniture Centres"), since 1968.

On 1st June 1979 a Scheme of Arrangement under the provisions of Section 206 of the Companies Act 1948 came into effect with the result that the shareholders of MFI Furniture Centres (until then the group parent company) exchanged their shareholdings for shares in MFI Furniture Group on the basis of three Ordinary shares of MFI Furniture Group for each Ordinary share of MFI Furniture Centres.

We therefore report upon the consolidated accounts of MFI Furniture Centres for each of the five accounting periods ended 26th May 1979 which represent the business now carried on by MFI Furniture Group and its subsidiaries. No accounts of MFI Furniture Centres and its subsidiaries have been prepared since 26th May 1979.

The financial statements set out below are based on the audited consolidated accounts of MFI Furniture Centres, and have been prepared under the historical cost convention after making such adjustments to the audited accounts as, in our opinion, are appropriate.

Under the requirements of Statement of Standard Accounting Practice Number 12, MFI Furniture Centres was required in the accounts for the year ended 26th May 1979 to make provision for depreciation and amortisation of freehold and long leasehold properties. No such provision, however, was made as we are unable to quantify the effect on stated profit of this departure from the standard.

With this reservation, in our opinion, these financial statements prepared under the historical cost convention, give a true and fair view of the profits for the periods stated and of the state of affairs and source and application of funds for the accounting period ended 26th May 1979.

1. Accounting Policies

The accounting policies set out below have been applied by MFI Furniture Centres in the preparation of its accounts for the five accounting periods ended 26th May 1979. The only significant change made during this period occurred in 1978 and related to deferred taxation.

Basis of Consolidation

The consolidated accounts are prepared under the historical cost convention and include the results of MFI Furniture Centres and all its subsidiaries ("the group").

Depreciation and Amortisation

Depreciation and amortisation have not been charged on freehold properties and long leaseholds. Except for such category all fixed assets are depreciated or amortised by equal depreciation over the life of each individual lease; plant, motor vehicles, fixtures, fittings and equipment at annual rates calculated to write off the assets over their estimated useful lives.

The principal depreciation rates used by the group are—

| | |
|---|---------|
| Fixtures, fittings, plant and machinery | 15% |
| Computer equipment | 20% |
| Commercial and motor vehicles | 20% |
| Branch improvements | 33 1/3% |

On the sale of fixed assets other than freehold and long leasehold properties, any surplus or deficit on net book value is included with the depreciation and amortisation charge shown in the profit and loss account.

All other profits or losses on the sale of properties are taken to capital reserves.

Stock

Stock is valued at the lower of cost and net realisable value. Stock at retail centres is valued at selling prices less a deduction to reduce to estimated cost, all other stock being valued at cost. Allowance for future markdowns is taken into account where appropriate.

Deferred Taxation

Deferred taxation comprises the estimated net future liability, at the current rate of 52 per cent., in respect of the excess of the net book value of those assets for which tax allowances are given over the corresponding written down value for tax purposes. No provision is made for the following—

Corporation tax on capital gains rolled over on the disposal of properties.

Stock appreciation relief.

Advance corporation tax available for set-off against tax on future profits is deducted from deferred taxation.

2. Consolidated Profit and Loss Accounts

The consolidated profit and loss account of MFI Furniture Centres for the five accounting periods ended 26th May 1979, based on the published audited accounts for those years and adjusted for the change in the deferred taxation accounting policy referred to above, were as follows—

| | Note | 1975 £'000 | 1976 £'000 | 1977 £'000 | 1978 £'000 | 1979 £'000 |
|--|-------|---------------|---------------|---------------|---------------|---------------|
| Turnover | (i) | 16,232 | 21,149 | 31,728 | 55,045 | 67,468 |
| Profit before taxation and extraordinary items | (ii) | 76 | 1,018 | 1,882 | 5,337 | 13,578 |
| Taxation | (iii) | (85) | (141) | (215) | (139) | (2,346) |
| Profit after taxation | | 23 | 877 | 1,667 | 5,198 | 10,938 |
| Extraordinary items | | — | — | — | 35 | — |
| Profit after taxation and extraordinary items | | 23 | 877 | 1,667 | 5,234 | 10,938 |
| Transfer to capital reserves | | — | — | — | (35) | — |
| Dividends paid | (iv) | — | (224) | (281) | (520) | (1,888) |
| Profit retained | | 23 | 653 | 1,386 | 4,684 | 8,741 |

The following calculations are based on the 132 million issued Ordinary shares of MFI Furniture Group—

| | | | | | |
|---------------------|-------|--------|--------|--------|--------|
| Earnings per share | 6.42p | 8.66p | 11.7p | 9.40p | 8.40p |
| Dividends per share | — | 0.244p | 0.328p | 0.365p | 1.864p |

3. Consolidated Balance Sheet

The consolidated balance sheet of MFI Furniture Centres at 26th May 1979 was as follows—

| | Note | £'000 | £'000 |
|--|------|--------|--------|
| Capital employed | | | |
| Share capital | (v) | 2,200 | 17,051 |
| Reserves | | — | 22,882 |
| Shareholders' funds | (vi) | 2,200 | 39,933 |
| Deferred taxation | | — | 20,882 |
| Employment of capital | | | |
| Fixed assets | | | |
| Current assets | | | |
| Stock | | 20,258 | 1,942 |
| Debtors | | 2,337 | — |
| Balances at bank and short-term deposits | | 24,535 | — |
| Current liabilities | | | |
| Current taxation | | 14,708 | 1,944 |
| Proposed dividend | | 1,541 | — |
| Net current assets | | — | 18,772 |
| Net assets | | 2,200 | 58,655 |

4. Consolidated Source and Application of Funds

The consolidated source and application of funds of MFI Furniture Centres for the 52 weeks ended 26th May 1979 was as follows—

| | £'000 | £'000 |
|----------------------------------|--------|--------|
| Source of funds | | |
| Profit before taxation | 18,000 | 18,000 |
| Depreciation and amortisation | 32 | 678 |
| Total generated from operations | 18,032 | 18,678 |
| Application of funds | | |
| Net additions to fixed assets | 8,876 | 708 |
| Acquisition of subsidiary (Note) | 543 | — |
| Dividends paid | 288 | — |
| Taxation | — | 10,231 |
| | — | 4,385 |

Movements in Working Capital and Net Liquid Funds

| | |
|-----------------------|---------|
| Increase in stocks | 8,726 |
| Increase in debtors | 1,174 |
| Increase in creditors | (8,448) |
| | 1,452 |

Movements in Net Liquid Funds

| | |
|---|-------|
| Increase in bank balances and short-term deposits | 913 |
| | 4,385 |

Note

Summary of the effect of the acquisition of MFI (Torquay) Limited

| | |
|-------------------------------|------|
| Fixed assets | 455 |
| Net liquid funds | 248 |
| Working capital | 114 |
| Current taxation | (10) |
| Total—discharged by cash paid | 706 |

5. Notes to the Accounts

(i) Turnover

This represents the net value of goods sold to customers outside the group excluding value added tax.

| | 1975 £'000 | 1976 £'000 | 1977 £'000 | 1978 £'000 | 1979 £'000 |
|--|---------------|---------------|---------------|---------------|---------------|
| Profit before taxation is stated after charging— | | | | | |
| Depreciation and amortisation | 110 | 167 | 302 | 537 | 678 |
| Hire of plant and equipment | — | — | 23 | 22 | 148 |
| Auditors' remuneration | — | — | — | 22 | 27 |
| Directors' remuneration | 60 | 81 | 81 | 84 | 107 |
| Ex gratia payment to a former director | — | — | — | — | 5 |
| Directors' pension contributions | — | 9 | 11 | 31 | 67 |
| Interest on bank loans and overdrafts | 82 | 66 | 75 | 33 | 25 |
| Goodwill written off | — | 11 | — | — | — |
| and other charges— | | | | | |
| Interest on short-term loans | 7 | 51 | 35 | 188 | 322 |

| | 1975 £'000 | 1976 £'000 | 1977 £'000 | 1978 £'000 | 1979 £'000 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Current taxation | 35 | 141 | 315 | 113 | 1,362 |
| Transfer to deferred taxation | — | — | — | — | 3,348 |
| | 35 | 141 | 315 | 113 | 3,348 |

Corporation tax has been provided at the rate of 52 per cent. throughout the period. The provisions of the Income and Corporation Taxes Act 1970 relating to close companies are not applicable to the group.

(ii) Dividends

| | 1975 £'000 | 1976 £'000 | 1977 £'000 | 1978 £'000 | 1979 £'000 |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| Dividends | — | 322 | 423 | 489 | 2,483 |
| Less: amount waived | — | 98 | 132 | 132 | 374 |
| | — | 224 | 291 | 357 | 2,109 |

Dividends are stated exclusive of the related tax credit.

(iii) Reserves

The group reserves at 26th May 1979 amounted to £17,051,000, of which £16,700,000 were disclosed in the published accounts as non-distributable. On 21st August 1979 £11,000,000 of MFI Furniture Centres' reserves were capitalised by a five-for-one scrip issue of Ordinary shares of 10p each to MFI Furniture Group.

(iv) Deferred taxation

| | 26th May 1979 | Full Potential Liability |
|---|---------------|--------------------------|
| Accelerated tax allowances on plant and equipment | 2,001 | 2,001 |
| Stock appreciation relief | — | 2,281 |
| Capital gains on sale of fixed assets | — | 7,226 |
| | — | 95 |
| Less: Advance corporation tax receivable | 2,001 | 9,303 |
| | 600 | 600 |
| | 1,401 | 8,703 |

Since the accounting period ended 27th May 1978, no provision has been made in the accounts for that part of the full potential liability to deferred taxation which can be demonstrated with reasonable probability will not be payable in the foreseeable future. Earlier years have been restated accordingly.

In accordance with the provisions of the Finance Act 1979 the full potential liability for corporation tax on stock appreciation relief has now been reduced by £384,000 from the figure shown in the 1979 accounts.

(v) Fixed assets

APPOINTMENTS

Three new directors at Pilkington

Mr. Denys Cledwyn-Davies, Mr. Bill Snowden and Mr. Mervyn Windsor have been appointed directors of PILKINGTON BROTHERS. Mr. Cledwyn-Davies continues as managing director of the flat glass division Europe and Pilkington Flat Glass. Mr. Snowden remains chairman and managing director of Fibreglass and managing director of the glass fibre division. He succeeds Mr. Sol Kay as chairman of the glass fibre divisional Board and becomes responsible for the Com-FIL Business Operation. Mr. Mervyn Windsor replaces Mr. John Leighton-Boyce as group treasurer and continues as group chief accountant.

Mr. Graham Peard has been appointed chief executive of the HERTFORDSHIRE CHAMBER OF COMMERCE.

Mr. A. L. Brown is to be appointed industrial relations director of WEIR FOUNDRIES the Leeds company which controls the Weir Group's steel foundries. The appointment is from February 1, 1980. At the same time, Mr. W. A. MacLean will be appointed industrial relations director of Weir Pumps and adviser to the Weir Group on industrial relations matters. Until the new appointments take effect, Mr. MacLean, who joins the Weir Group on November 1, will act as industrial relations adviser to Weir Foundries.

IPC BUSINESS PRESS has made the following appointments from January 1, 1980. Mr. David Cobb, managing director of IPC Business Press (sales and distribution), will become managing director of IPC Electrical-Electronic Press. Mr. Graham McVey, managing director of IPC Middle East Publishing, will become managing director of IPC Consumer Industries Press. Mr. John Redington, managing director of IPC Specialist and Professional Press, will become managing director of IPC Business Press (sales and distribution). Mr. Graeme Sheath, managing director of IPC Consumer Industries Press, will become managing director of IPC Specialist and Professional Press. Mr. Peter Yapp, managing director of Electrical-Electronic Press, will become managing director of IPC Specialist and Professional Press. Mr. Alan Shepherd has been appointed sales director for NIPU/DANOFF in the UK.

Mr. Robert Hermata, Senior Deputy Assistant Secretary of State for Economic and Business Affairs, U.S. State Department, has been elected chairman of the OECD STEEL COMMITTEE. He succeeds Mr. Alan W. Wolf (U.S.) as the Committee's first chairman.

THE ASSOCIATED ENGINEERING GROUP has made the following appointments within its subsidiaries: Fluidrive Engineering Company: Mr. R. M. Miles becomes chairman. Mr. R. V. Adams becomes managing director. Mr. P. Ashcroft becomes deputy managing director. Mr. J. Elderton, Mr. A. R. Liley, Mr. I. C. Mook-



Mr. Denys Cledwyn-Davies

Mr. Bill Snowden

Mr. Mervyn Windsor

ford, Mr. J. O. Shelly and Mr. A. R. Teague are appointed to the Board. Allen Bennett: Mr. J. P. T. Wilkinson is made managing director, S.E. Opperman: Mr. E. A. Lambert is appointed director and general manager and Mr. J. C. Sharpe sales director.

Mr. G. A. Carey-Smith, Dr. E. W. A. Ferreira, Mr. M. W. King and Mr. J. E. Richardson have been appointed directors of the ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Mr. Carey-Smith is responsible for the group's operations in Zimbabwe.

Dr. Ferreira is chairman of Anglo American Corporation do Brazil (Ambras) and chairman of Beralit Tin and Wolfram (Portugal) S.A.R.L. Mr. King was appointed the head of the financial division of the corporation when Mr. J. N. Clarke returned to London recently. Mr. Richardson is an executive director of Charter Consolidated. Mr. M. E. Hofmeyr, chairman of Charter Consolidated and an executive director of Anglo American Corporation of South Africa, will be returning to South Africa in the second quarter of next year and will be joining the operating committee of the executive committee of Anglo American Corporation of South Africa. Dr. A. Spinks, who was a member of the Board of Imperial Chemical Industries from 1970 to 1979, has been appointed to the board of Charter and will become non-executive chairman from April 1, 1980. Mr. Clarke, an executive director of Charter, has succeeded Mr. Hofmeyr as managing director and will become chief executive of the company on April 1, 1980. Mr. F. J. A. Howard, who has been a member of that board since January 1978, has been made an executive director. Mr. W. D. Wilson and Mr. Carey-Smith have retired from the Board.

Mr. Michael E. Ware has been appointed as an associate director of the ROYAL TRUST COMPANY OF CANADA (CI).

THE INDEPENDENT BROADCASTING AUTHORITY has appointed Major General P. A. C. Baldwin to the new post of deputy director of radio from November 27. He will have

responsibility for all the IBA's radio functions, including the expansion of Independent Local Radio.

The following were elected council members of the UK HOLIDAYS MARKETING ASSOCIATION: Mr. C. F. Johnson (chairman), Mr. R. V. Plant (honorary secretary), Mr. J. E. Foster (honorary treasurer), Mr. J. King, Mr. F. A. Knights, Mr. K. Webber, Mr. B. Donnelly and Mr. P. A. Swinhard.

Mr. H. J. Hann, board director, has succeeded Mr. A. D. Spencer as managing director of the retail division of the BOOTS COMPANY. Mr. A. D. Spencer continues as vice-chairman of the board. Four new directors have been appointed. They are Mr. K. Ackroyd, Dr. E. E. Cliffe, Mr. G. R. Sotay and Mr. B. H. C. Theobald.

Mr. G. A. Kingsworth, former general manager and actuary of the SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY, has been appointed a director.

Mr. Leo Curran has been appointed to the main board of PARSONS AND CROSLAND.

Professor R. H. Colclough, professor of operational research at Manchester Business School, has been elected president of the INTERNATIONAL FEDERATION OF OPERATIONAL RESEARCH SOCIETIES for a three-year term from next January.

Mr. J. V. Cleasby has been appointed a director of BERALT TYN AND WOLFRAM.

Mr. David Peeks has been appointed director and general manager of TRENT CONCRETE FLOORS.

FOSTER WHEELER WORLD SERVICES LIMITED, a new subsidiary of Foster Wheeler, has made the following appointments: Mr. D. V. Newbold (chairman), Mr. R. L. McConnell (managing), Mr. R. J. Barcin, Mr. A. D. Desai, Mr. A. C. J. H. Kaba, Mr. J. T. Kelley, Mr. J. P. Rochel, directors. Mr. D. L. Jenkins becomes vice-

president (marketing) of FWWS Corporation and Mr. C. L. E. Agombar is elected FWWS Ltd. company secretary.

Mr. John P. Rycroft has been appointed a director of SKIPTON BUILDING SOCIETY following the resignation of Mr. Dennis E. Riddiough.

TRIDENT GENERAL INSURANCE COMPANY is restructuring its home foreign and inward treaty underwriting operations. Mr. James Kinahan, home foreign underwriter, has been appointed principal underwriter for home foreign and inward treaty underwriting and been given the responsibility for the continued profitable development of both accounts. He will be assisted by Mr. John McElroy who has joined the company as treaty underwriter, and Mr. James Dornan, assistant home foreign underwriter, who has been appointed as deputy underwriter.

The Transport Minister has appointed Mr. Clifford Ward to the TEES AND HARTLEPOOL PORT AUTHORITY until February 28, 1981.

Dr. Malachy J. McIntyre has joined SPERRY UNIVAC as the director of planning and market support services for the international division.

Mr. A. J. W. S. Leonard has joined the board of OIL AND ASSOCIATED INVESTMENT TRUST. Mr. Leonard was group treasurer and a director of Shell International until his retirement in 1977. He is a non-executive director of Grindlays Bank, MK Electric, and Norcor.

Mr. Reg Henry, general secretary of the Odd Fellows MU Friendly Society, has been elected president of the NATIONAL CONFERENCE OF FRIENDLY SOCIETIES.

Mr. A. D. Steel, managing director of Coles Cranes, has been appointed to the board of ACROW. Mr. N. R. Sullivan has joined Acrow as company secretary and group legal adviser.

IS THERE LIFE AFTER SELF EMPLOYMENT?

If you're employed and a member of a good pension scheme, you can look ahead with calm to your retirement.

Awaiting you, most probably, are the green and pleasant pastures of a pension of up to two-thirds your final salary.

But if you're self-employed, you'll more likely face an abyss: a dramatic falling off in your living standards. It's a problem you neglect at your peril—and it's you who has to do something about it.

At Equity & Law, with 135 years' experience of successful money management, we've designed the Personal Retirement Investment

Plan to bring to the self-employed (and those in non-pensionable employment) the benefits of professionally managed pension funds.

And it's all with the help of the taxman. You're eligible for full tax relief on your contributions at the highest rates you pay on your earned income.

Your contributions accumulate within the Plan tax-free and, on retirement, you can take a large part of the benefits as a tax-free lump sum. The rest (your pension) is normally taxed as earned income and is not liable to the investment

income surcharge. These are advantages the taxman confers. Now for some we provide.

As your earnings are inclined to fluctuate, the Plan lets you increase or reduce your contributions each year. Or even alter the first year's contribution to your contributions altogether.

You don't have to specify your retirement age at the outset—and benefits can be taken at any age between 60 and 75.

You can, if you like, take these benefits in stages, phasing your retirement to allow a gradual hand-over of your business or practice.

In short, this is a flexible plan attuned to the realities of self-employment.

Talk to your financial adviser about the Equity & Law Personal Retirement Investment Plan, or phone 01-242 0841 and ask Marketing Services for details. Or simply write to us today at the address below.

A delay of just one year in entering the Plan can reduce the value of retirement benefits by over 10%. So procrastination is the thief of time and money.



Equity & Law

Equity & Law (Managed Funds) Limited, 20 Lincoln's Inn Fields, London WC2A 3ES.

MFI FURNITURE GROUP LIMITED

- (i) A director, notwithstanding his interest, may vote and be counted in the quorum on any resolution of the board of the Company in respect of the following matters—
- (a) any contract or arrangement for giving to such director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company;
- (b) any contract or arrangement for giving by the Company of any security to a third party in respect of a debt or obligation of the Company which the director has himself guaranteed or secured in whole or in part;
- (c) any contract or arrangement by a director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company;
- (d) any contract or arrangement by which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (e) any contract or arrangement concerning any other company (not being a company in which the director owns 1 per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (f) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefit scheme of which he is a director or shareholder or in the Company or of any of its subsidiaries and does not accord to any director as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; and
- (g) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the director benefits in a similar manner as the employees.
- (iii) The aggregate fees of the directors as such shall be such sum as shall from time to time be determined by ordinary resolution of the Company. Such fees shall be divided among the directors as the board may by resolution determine or, failing such determination, shall be divided among the directors in proportion to the time during which he has held office.
- (iv) Each director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the board or committees of the board or general meetings and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a director. Any director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.
- (v) A director may act by himself or by his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.
- (vi) The board on behalf of the Company may exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any director or former director or the relations, connections or dependants of any director or former director provided that no pension, annuity or other allowance or benefit (except such as may be provided for by any other Article) shall be granted to a director or former director of the Company or any of its subsidiaries (or to a person who has no claim on the place of profit under the Company or any of its subsidiaries (or to a person who has no claim on the place of profit under the Company or any of its subsidiaries) except as a relation, connection or dependant of such a director or former director without the approval of an ordinary resolution of the Company. A director or former director shall not be accountable to the Company or its members for any benefit of any kind conferred under or pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.
- (vii) The board of the Company shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure that the Company's subsidiaries only in so far as by the exercise of such rights or powers of control the Company can secure that the aggregate amount of borrowings from time to time outstanding of all borrowings by the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time exceed the previous sanction of an ordinary resolution of the Company (Group) shall not at any time exceed the Adjusted Capital and Reserves (as defined in the Articles of the Company).

Subsidiaries

The subsidiaries of the Company, all of which are wholly owned and incorporated in England (unless otherwise stated), are—

| | Issued Share Capital | Nature of business |
|--------------------------------------|----------------------|---------------------------|
| (i) Trading | | |
| MFI Furniture Centres Limited | 13,200,000 | Furniture Retailers |
| MFI Properties Limited | 1,000 | Property Management |
| Mallard Furniture Industries Limited | 100 | Contract Furniture |
| MFI (International) Limited* | 5,000 | Wholesalers |
| Capital Collections Limited | 100 | Export Sales of Furniture |
| (ii) Non-Trading | | |
| Arden Steel Pressings Limited | 500 | Equipment Leasing |
| Norse Printing Services Limited | 100 | |
| MFI (Torquay) Limited | 700,000 | |
| MFI (Warehouse Sales) Limited | 100 | |

*Incorporated in Jersey, G.I.

Directors' and Other Interests

(i) The interests of the directors of the Company as required to be disclosed by the Companies Act 1967 in the share capital of the Company are immediately prior to and immediately after the acquisition of shares by County Bank Limited—

| | Before | Non-Beneficial | After | Non-Beneficial |
|----------------|------------|----------------|------------|----------------|
| A.C. Southon | 250,000 | 17,117,201 | 4,350,000 | 8,608,002 |
| N.A.V. Lister | 30,765,000 | — | 15,105,500 | 3,873,000 |
| J.W. Seabright | 224,400 | — | 224,400 | — |
| S. Choddy | 271,320 | — | 271,320 | — |
| D.R. Hughes | 68,100 | — | 68,100 | — |
| D.S. Hunt | 1,200,000 | — | 1,200,000 | — |
| E.W. Lait | 700,000 | — | 300,000 | — |

The non-beneficial interests of A.C. Southon and N.A.V. Lister include 7,747,212 Ordinary shares of the Company held jointly immediately prior to the acquisition of shares by County Bank Limited and 3,873,000 Ordinary shares of the Company held jointly immediately after such acquisition.

(ii) The directors of the Company have been notified that Mrs. J. W. Seabright held 17,465,000 Ordinary shares of the Company (representing 13.2 per cent. of the issued share capital), immediately prior to the acquisition of shares by County Bank Limited. Immediately after such acquisition Mrs. J. W. Seabright held 8,732,500 Ordinary shares of the Company (representing 6.2 per cent. of the issued share capital).

(iii) Save as disclosed herein, the directors are not aware of any interest in the issued share capital of the Company which exceeds 5 per cent.

(iv) A reducing but at present, significant element of the Group's purchases are supplied by Philip Lait & Co. Limited and by Sudbury Furniture & Finance Limited. P. A. Lait, who is a director of Philip Lait & Co. Limited, has an interest in the share capitals of both companies and is a director of the Company. Save as disclosed herein, there are no contracts or arrangements entered into by the Company or any of its subsidiaries in which any director of the Company has a material interest.

Expenses of the Placing

The expenses of the Placing (including the legal and professional costs of the vendors and of the Company and the costs of preparing, advertising and distributing this document) are estimated in amount to £125,000 and will be paid by County Bank Limited.

Contract with County Bank Limited

By an Agreement dated 16th October 1979, and made between N.A.V. Lister (1) (Mrs. J. W. Seabright (2) N.A.V. Lister and A.C. Southon as Trustees (3) A.C. Southon, Mrs. Douglas Withers and S.C. Moodley as Trustees (4) the Company (5) and County Bank Limited (6), County Bank Limited purchased from the vendors 35,000,000 Ordinary shares of 10p each in the capital of the Company at a price equivalent to 20.75 pence per share.

As part of this Agreement, N.A.V. Lister and Mrs. J. W. Seabright have each undertaken to County Bank Limited and the Company that (subject to certain exceptions) they will not dispose of any further shares in the Company now beneficially owned by them for a period of at least 4 years from 16th October 1979. N.A.V. Lister, A.C. Southon, Mrs. J. Douglas Withers and S.C. Moodley have also undertaken to County Bank Limited and the Company that (subject to certain exceptions) they will not dispose of any further shares in the Company now held by them in their respective capacities as trustees for a period of at least 2 years from 16th October 1979.

Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company or its subsidiaries within two years immediately preceding the date of this document and are or may be material—

(i) Agreement for a building lease dated 24th September 1979 between The Northampton Development Corporation and MFI Properties Limited whereby for a payment of £1,532,700 and an undertaking to erect certain buildings, The Northampton Development Corporation agreed to grant to MFI Properties Limited a lease of 31.7 acres of land in the Brackmills Employment Area, Bedford Road, Northampton for a term of 99 years at an annual rent of £300 during the first 14 years and thereafter at such rent as shall be agreed with The Northampton Development Corporation.

(ii) Option agreement dated 24th September 1979 between The Northampton Development Corporation and MFI Properties Limited whereby for an annual fee of £10,900 The Northampton Development Corporation granted to MFI Properties Limited an option expiring on 31st March 1981 to take a building lease of up to 10.9 acres of land at Brackmills, Northampton for a term of years expiring on 24th September 2078 at a premium calculated at the rate of £48,350 per acre and at an initial annual rent of £100. The lease will contain a covenant to erect certain buildings.

(iii) Facility letter dated 4th October 1979 from County Bank Limited to the Company and MFI Furniture Centres Limited and accepted by such companies on 12th October 1979 whereby County Bank Limited made available a facility in the maximum amount of £1,000,000 for a maximum period of 8 years from 31st October 1980 at an initial margin over County Bank Limited's three, six or twelve month rate in the London Inter-Bank Market of 1 1/2 per cent., rising to 1 1/2 per cent. after 2 years at County Bank Limited's option (plus a further sum to compensate County Bank Limited for any special deposit or reserve requirements). The amount of such facility will reduce by a maximum amount of £1,000,000 on the third anniversary of the first drawdown and by a further amount on each subsequent anniversary.

Miscellaneous

(i) Save as disclosed herein, there have been no material changes in the financial or trading position of the Group other than in the ordinary course of business since 20th May 1979, the date to which the latest published audited consolidated accounts of MFI Furniture Centres Limited and its subsidiaries were made up.

(ii) An enforcement notice under the Town and Country Planning Act 1971 has been served on MFI Furniture Centres Limited requiring it to cease using the Stourbridge store for retailing. MFI Furniture Centres Limited will be taking the necessary steps to appeal. No other litigation or claims of material importance are pending or, so far as the directors of the Company are aware, threatened against the Company or any of its subsidiaries.

- (iii) No unissued share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.
- (iv) Save as disclosed herein, within the two years preceding this document no share or loan capital of the Company or of any of its subsidiaries has been issued for cash or for a consideration other than cash, other than to the Company or any of its subsidiaries, or a proposed to be so issued.
- (v) No commissions, discounts, brokerages or other special terms have been granted within two years preceding the date of this document by the Company or by any of its subsidiaries in connection with the issue or sale of any capital of the Company or any of its subsidiaries.
- (vi) No director of the Company has a service contract with the Company or any of its subsidiaries other than a contract which can be terminated by the employing company without payment of compensation, other than statutory compensation, within twelve months and at present none is proposed.
- (vii) No director of the Company has or had any interest, direct or indirect, in any assets which, within two years of the date of this document, have been or are proposed to be acquired, disposed of by, or leased to the Company or any of its subsidiaries, and which are material in relation to the business of the Company and its subsidiaries taken as a whole.
- (viii) The Company has carried on business as a group holding company since 1st June 1979, the date on which the Scheme of Arrangement described above became effective. The expenses of formation of the Company were £250 and were paid by the Company.
- (ix) The Company has not received and will not receive any consideration in respect of the shares to which this document relates.

Stockmarket Quotations

The following table sets out the middle market quotations as calculated from The Stock Exchange Daily Official List for an Ordinary share of 10p in the Company on the last dealing day of each of the six months prior to the date of the announcement of the Placing and on 15th October 1979, the latest practicable day prior to the printing of this document, as adjusted for the shares issued under the Scheme of Arrangement effected on 1st June 1979 and the bonus issue on 20th September 1979—

| | 1979 | Pence |
|---------------|------|--------|
| 1st May | — | 60 |
| 1st June | — | 67 |
| 2nd July | — | 85 |
| 1st August | — | 75 |
| 3rd September | — | 82 1/2 |
| 1st October | — | 87 1/2 |
| 15th October | — | 82 1/2 |

Consents and Documents for Inspection

(i) Berke Cohen Fine & Partners and County Bank Limited have given and not withdrawn their respective written consents to the issue of this document with the inclusion of Berke Cohen Fine & Partners' report and letter and County Bank Limited's letter and references thereto in the form and context in which they are respectively included.

(ii) The following documents or copies thereof may be inspected at the offices of Slaughter and May, 35 Basinghall Street, London, EC2V 3DB, during normal business hours on any weekday (excluding Saturdays) up to 9th November 1979—

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated accounts of MFI Furniture Centres Limited and its subsidiaries for the last two financial years;
- (c) the circular to shareholders containing the Scheme of Arrangement dated 16th March 1979, referred to above;
- (d) the above-mentioned consents, the statements of adjustments made by Berke Cohen Fine & Partners in arriving at the figures set out in their report and the reasons therefor and copies of the Contract with County Bank Limited and the contracts listed above under "Material Contracts";
- (e) the report and the letters relating to the profit forecast referred to above.

Dated 17th October 1979

Copies of this document may be obtained from—

County Bank Limited
11 Old Broad Street,
London, EC2M 1BB.

86 King Street,
Manchester, M2 4NR.

West Riding House,
67 Albion Street,
Leeds, LS1 3AA.

1 Randolph Crescent,
Edinburgh, EH3 7TH.

Wellcote House,
37 Waterloo Street,
Birmingham, B2 5JT.

Kemp-Gee & Co.,
20 Coptic Lane,
London, EC2R 7JS.

de Zoete & Bevan,
25 Finsbury Circus,
London, EC2M 7BE.

Now 5 up at mid-session on technical rally

INVESTMENT DOLLAR PREMIUM

Effective \$2.140 91% (32%)

A FURTHER rally attempt which took place on Wall Street yesterday morning in the aftermath of the recent sharp setback proved successful, leaving a reasonable gain at mid-session after fairly active trading.

The Dow Jones Industrial Average, down some 67 points since the beginning of last week, recorded an improvement of 5.38 to 852.80 at 1 p.m. The NYSE All Common Index regained 32 points to 58.53, while gains outpaced falls by an eight-to-five margin. Turnover, however, slipped to 20.28m shares from Tuesday's 24.20m.

Analysts saw the gain as another in what is expected to be a pattern of technical rallies in a declining market until stocks adjust to the Federal Reserve's new economic regime and the resulting economic outlook. Fed Chairman Volcker said Fed actions "can hasten, not postpone, the onset of lower interest rates. The economic outlook was

further clouded yesterday by comments from Saudi oil minister Sheikh Yamani, who warned that the world oil market is going out of control.

De Font reported a 21 per cent rise in third-quarter profits, while Monsanto added 11 to 56 3/4 following news that its September quarter net jumped 111 per cent. Both companies, however, were cautious about the fourth-quarter outlook.

Northern American gained 1 to 5 1/4. It has proposed exchange of its common stock for its common and convertible preferred.

Rapid's small-list common holders will be offered \$20 a share cash. Glaxo rose 1 to 5 1/4. The company is to tender for 1.2m of its shares at \$12 each.

Volume leader IBM set another new low for the year, sliding to 56 3/4 before recovering to 56 1/2. It has proposed exchange of its common stock for its common and convertible preferred.

IBM's advertising of its Bufferin and Excedrin pain relievers.

THE AMERICAN SEI MARKET

Canada

Shares remained easier in active early trading. The Toronto Composite Index, however, was unchanged at 1,617.3, while Oils and Gas picked up 6.4 to 24.55.

Metals and Minerals 4.7 to 14.48, but GDX receded 38.5 to 1,975.9. In Montreal, Banks lost 1.03 to 286.14 and Utilities 0.54 to 229.39.

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Germany

After a fresh decline early in the session, some sectors picked up to leave an overall mixed appearance at the close after a moderate business. The Commerzbank index, down 11.4 over the past two days, finished 0.6 higher yesterday at 732.6.

Volume leader IBM set another new low for the year, sliding to 56 3/4 before recovering to 56 1/2. It has proposed exchange of its common stock for its common and convertible preferred.

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France

After the heavy selling wave which took its toll of shares prices on Tuesday, the market moved lower at the outset, but institutional investors soon stepped in to snap up bargains, leaving rises at the end of the day only narrowly trailing declines. The Bourse Industrielle index, after falling 8.1 the previous day, finished 0.6 easier at 94.6.

Volume leader IBM set another new low for the year, sliding to 56 3/4 before recovering to 56 1/2. It has proposed exchange of its common stock for its common and convertible preferred.

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FOOD, GROCERIES—Cont.

ENGINEERING—Continued

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| | | | | | | |
|------|---------------------|------|----|-------|-----|----|
| 44 | Brooklee Tool | 4712 | -3 | 12.51 | 2.9 | 7 |
| 67 | Brotherhood P. 50p. | 69 | | 6.45 | 9 | 13 |
| 122 | Brown & Tassie | 144 | | 5.8 | 4.2 | 7 |
| 66 | Brown (John) 50p. | 66 | -3 | 13.59 | 5.9 | 7 |
| 164 | Bullough 20p. | 202 | | 17.68 | 4.7 | 5 |
| 61 | Burgess Prod. | 41 | | 3.5 | 2.6 | 12 |
| 6642 | Butterfield Hty. | 67 | -2 | 2.8 | 4.7 | 6 |
| 57 | Canford Eng. 10p. | 58 | | 4.99 | 2.3 | 9 |
| 52 | Copper-Neff 10p. | 53 | -5 | 14.02 | 4.3 | 10 |
| 74 | Carole Eng. | 85 | -2 | 5.2 | 2.6 | 8 |
| 72 | Carrington R. 10p. | 93 | +3 | 14.06 | 2.7 | 6 |

[illegible][illegible]

| | | | | | |
|-----------------|-----------------|--------------------|-------|-------|------|
| 61 | Hill & Smith | 53 | H3.5 | 3.8 | 9.4 |
| 66 | Hopkinskins 50p | 61 | 5.65 | 2.5 | 13.3 |
| 19 | Howard Machy. | 19 | 71.12 | 2.7 | 8.4 |
| 54 ¹ | Howden Group | 63 ¹ ac | -1 | 63.13 | 3.8 |
| 16 | Hunt Moscrop 5p | 18 ¹ ac | | 0.9 | 7.7 |
| 61 ¹ | Iu. Defd. 5p | 10 ¹ ac | +2 | | |
| 47 ¹ | I.M.I. | 48 | | 13.68 | 2.8 |
| 32 ¹ | Jackson J&HB 5p | 48 ¹ ac | | 71.01 | 4.3 |
| 32 ¹ | | 48 ¹ ac | | 14.0 | 4.3 |

| | | | | | |
|-----|--------------|-----|------|-----|------|
| 50 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 51 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 52 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 53 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 54 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 55 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 56 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 57 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 58 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 59 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 60 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 61 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 62 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 63 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 64 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 65 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 66 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 67 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 68 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 69 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 70 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 71 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 72 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 73 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 74 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 75 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 76 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 77 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 78 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 79 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 80 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 81 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 82 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 83 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 84 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 85 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 86 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 87 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 88 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 89 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 90 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 91 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 92 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 93 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 94 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 95 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 96 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 97 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 98 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 99 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |
| 100 | James & Sons | 173 | 4.76 | 1.7 | 24.0 |

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|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----|
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 |
| 63 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| FOOD, GROCERIES, ETC. | | | | | | |
|-----------------------|--------------------|-----|----|-------|-----|-----|
| 138 | Alpine Soft D 10p | 147 | -1 | d7.37 | 1.9 | 7. |
| 67 | Ass. Biscuit 20p | 86 | | N4.24 | 2.4 | 7. |
| 64 | Ass. Brit. Fds. 5p | 88 | +1 | F2.9 | 4.2 | 4. |
| 1,89 | Ass. Dairies | 270 | | 5.0 | 3.0 | 2.6 |
| 36 | Ass. Fisheries | 58 | | | | |
| 77 | Ass. Groin 5s | 121 | +1 | 3.5 | 2.9 | |

| | | | | | |
|----|---------------------|-----|-----|-------|-----|
| 78 | Banks (Sidney C.) | 116 | --- | 794.0 | --- |
| 79 | Barber & D. (Op.) | 130 | --- | 2.6 | 5.3 |
| 80 | Barr (A.G.) | 110 | -2 | 12.4 | --- |
| 81 | Barn (Milling) | 572 | --- | 0.7 | 0.9 |
| 82 | Bassett (Geo.) | 126 | +1 | 8.2 | --- |
| 83 | Bastien, York (Op.) | 126 | --- | 2.6 | --- |
| 84 | Bejarm (Lop) | 74 | --- | 62.1 | --- |
| 85 | Bishop's Stores | 196 | --- | 62.89 | --- |
| 86 | Co. "A" N/V/o | 130 | --- | 6.4 | --- |
| 87 | Blackford Corp. | 777 | --- | 1.8 | --- |
| 88 | Brlt. Sugar | 567 | +1 | 3.5 | 5.9 |
| 89 | Bryant & Co. (Op.) | 126 | --- | 4.8 | --- |
| 90 | Brooke Bros | 682 | --- | 15.09 | --- |
| 91 | Brookshire | 240 | +1 | 3.4 | 2.1 |
| 92 | Carbach Schyns | 90 | -6 | 12.92 | 3.7 |
| 93 | Can's Milling | 90 | --- | 12.13 | 3.2 |
| 94 | Clifford Dairies | 92 | --- | 12.13 | 3.2 |

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| | | | | | | | |
|-------|-----|-------------------|-----|--------|------|------|------|
| 3,000 | 955 | Hanson Trust | 343 | 47.33 | 2.7 | 7.3 | 7.4 |
| 585 | 557 | Delegor Cor 89-90 | 584 | 064.75 | 0.05 | 2.6 | 2.6 |
| 8 | 64 | Hargreaves 20p | 51 | F3.95 | 2.5 | 11.1 | 11.1 |
| 170 | 90 | Harris (Ph.) 20p | 97 | 5.0 | 4.3 | 7.4 | 7.4 |

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FINANCE, LAND—Continued

MINES—Continued
AUSTRALIAN

[illegible][illegible]

| COPPER | | | | |
|----------------------|-----|-------|-------|-------|
| Wessing RO 50 .. | 103 | -1 | - | - |
| MISCELLANEOUS | | | | |
| Barym .. | 64 | ..... | ..... | ..... |
| Burns Mines 17 1/2 p | 13 | ..... | ..... | ..... |
| Corn. March 10c. | 290 | -15 | 2035 | 5 |
| Worthington CSI | 320 | | | |
| R.T. | 360 | | 1115 | 5 |
| Robert Mines .. | 21 | +1 | | |
| Sabina Inc. CSI | 95 | | | |
| Tara Expt. SI | 540 | +5 | | |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Buffet, R1 | \$204 | -1 1/4 | \$202 1/2 | -1 1/4 | \$201 | -1 1/4 | \$200 1/2 | -1 1/4 | \$200 | -1 1/4 | \$199 1/2 | -1 1/4 | \$199 | -1 1/4 | \$198 1/2 | -1 1/4 | \$198 | -1 1/4 | \$197 1/2 | -1 1/4 | \$197 | -1 1/4 | \$196 1/2 | -1 1/4 | \$196 | -1 1/4 | \$195 1/2 | -1 1/4 | \$195 | -1 1/4 | \$194 1/2 | -1 1/4 | \$194 | -1 1/4 | \$193 1/2 | -1 1/4 | \$193 | -1 1/4 | \$192 1/2 | -1 1/4 | \$192 | -1 1/4 | \$191 1/2 | -1 1/4 | \$191 | -1 1/4 | \$190 1/2 | -1 1/4 | \$190 | -1 1/4 | \$189 1/2 | -1 1/4 | \$189 | -1 1/4 | \$188 1/2 | -1 1/4 | \$188 | -1 1/4 | \$187 1/2 | -1 1/4 | \$187 | -1 1/4 | \$186 1/2 | -1 1/4 | \$186 | -1 1/4 | \$185 1/2 | -1 1/4 | \$185 | -1 1/4 | \$184 1/2 | -1 1/4 | \$184 | -1 1/4 | \$183 1/2 | -1 1/4 | \$183 | -1 1/4 | \$182 1/2 | -1 1/4 | \$182 | -1 1/4 | \$181 1/2 | -1 1/4 | \$181 | -1 1/4 | \$180 1/2 | -1 1/4 | \$180 | -1 1/4 | \$179 1/2 | -1 1/4 | \$179 | -1 1/4 | \$178 1/2 | -1 1/4 | \$178 | -1 1/4 | \$177 1/2 | -1 1/4 | \$177 | -1 1/4 | \$176 1/2 | -1 1/4 | \$176 | -1 1/4 | \$175 1/2 | -1 1/4 | \$175 | -1 1/4 | \$174 1/2 | -1 1/4 | \$174 | -1 1/4 | \$173 1/2 | -1 1/4 | \$173 | -1 1/4 | \$172 1/2 | -1 1/4 | \$172 | -1 1/4 | \$171 1/2 | -1 1/4 | \$171 | -1 1/4 | \$170 1/2 | -1 1/4 | \$170 | -1 1/4 | \$169 1/2 | -1 1/4 | \$169 | -1 1/4 | \$168 1/2 | -1 1/4 | \$168 | -1 1/4 | \$167 1/2 | -1 1/4 | \$167 | -1 1/4 | \$166 1/2 | -1 1/4 | \$166 | -1 1/4 | \$165 1/2 | -1 1/4 | \$165 | -1 1/4 | \$164 1/2 | -1 1/4 | \$164 | -1 1/4 | \$163 1/2 | -1 1/4 | \$163 | -1 1/4 | \$162 1/2 | -1 1/4 | \$162 | -1 1/4 | \$161 1/2 | -1 1/4 | \$161 | -1 1/4 | \$160 1/2 | -1 1/4 | \$160 | -1 1/4 | \$159 1/2 | -1 1/4 | \$159 | -1 1/4 | \$158 1/2 | -1 1/4 | \$158 | -1 1/4 | \$157 1/2 | -1 1/4 | \$157 | -1 1/4 | \$156 1/2 | -1 1/4 | \$156 | -1 1/4 | \$155 1/2 | -1 1/4 | \$155 | -1 1/4 | \$154 1/2 | -1 1/4 | \$154 | -1 1/4 | \$153 1/2 | -1 1/4 | \$153 | -1 1/4 | \$152 1/2 | -1 1/4 | \$152 | -1 1/4 | \$151 1/2 | -1 1/4 | \$151 | -1 1/4 | \$150 1/2 | -1 1/4 | \$150 | -1 1/4 | \$149 1/2 | -1 1/4 | \$149 | -1 1/4 | \$148 1/2 | -1 1/4 | \$148 | -1 1/4 | \$147 1/2 | -1 1/4 | \$147 | -1 1/4 | \$146 1/2 | -1 1/4 | \$146 | -1 1/4 | \$145 1/2 | -1 1/4 | \$145 | -1 1/4 | \$144 1/2 | -1 1/4 | \$144 | -1 1/4 | \$143 1/2 | -1 1/4 | \$143 | -1 1/4 | \$142 1/2 | -1 1/4 | \$142 | -1 1/4 | \$141 1/2 | -1 1/4 | \$141 | -1 1/4 | \$140 1/2 | -1 1/4 | \$140 | -1 1/4 | \$139 1/2 | -1 1/4 | \$139 | -1 1/4 | \$138 1/2 | -1 1/4 | \$138 | -1 1/4 | \$137 1/2 | -1 1/4 | \$137 | -1 1/4 | \$136 1/2 | -1 1/4 | \$136 | -1 1/4 | \$135 1/2 | -1 1/4 | \$135 | -1 1/4 | \$134 1/2 | -1 1/4 | \$134 | -1 1/4 | \$133 1/2 | -1 1/4 | \$133 | -1 1/4 | \$132 1/2 | -1 1/4 | \$132 | -1 1/4 | \$131 1/2 | -1 1/4 | \$131 | -1 1/4 | \$130 1/2 | -1 1/4 | \$130 | -1 1/4 | \$129 1/2 | -1 1/4 | \$129 | -1 1/4 | \$128 1/2 | -1 1/4 | \$128 | -1 1/4 | \$127 1/2 | -1 1/4 | \$127 | -1 1/4 | \$126 1/2 | -1 1/4 | \$126 | -1 1/4 | \$125 1/2 | -1 1/4 | \$125 | -1 1/4 | \$124 1/2 | -1 1/4 | \$124 | -1 1/4 | \$123 1/2 | -1 1/4 | \$123 | -1 1/4 | \$122 1/2 | -1 1/4 | \$122 | -1 1/4 | \$121 1/2 | -1 1/4 | \$121 | -1 1/4 | \$120 1/2 | -1 1/4 | \$120 | -1 1/4 | \$119 1/2 | -1 1/4 | \$119 | -1 1/4 | \$118 1/2 | -1 1/4 | \$118 | -1 1/4 | \$117 1/2 | -1 1/4 | \$117 | -1 1/4 | \$116 1/2 | -1 1/4 | \$116 | -1 1/4 | \$115 1/2 | -1 1/4 | \$115 | -1 1/4 | \$114 1/2 | -1 1/4 | \$114 | -1 1/4 | \$113 1/2 | -1 1/4 | \$113 | -1 1/4 | \$112 1/2 | -1 1/4 | \$112 | -1 1/4 | \$111 1/2 | -1 1/4 | \$111 | -1 1/4 | \$110 1/2 | -1 1/4 | \$110 | -1 1/4 | \$109 1/2 | -1 1/4 | \$109 | -1 1/4 | \$108 1/2 | -1 1/4 | \$108 | -1 1/4 | \$107 1/2 | -1 1/4 | \$107 | -1 1/4 | \$106 1/2 | -1 1/4 | \$106 | -1 1/4 | \$105 1/2 | -1 1/4 | \$105 | -1 1/4 | \$104 1/2 | -1 1/4 | \$104 | -1 1/4 | \$103 1/2 | -1 1/4 | \$103 | -1 1/4 | \$102 1/2 | -1 1/4 | \$102 | -1 1/4 | \$101 1/2 | -1 1/4 | \$101 | -1 1/4 | \$100 1/2 | -1 1/4 | \$100 | -1 1/4 | \$99 1/2 | -1 1/4 | \$99 | -1 1/4 | \$98 1/2 | -1 1/4 | \$98 | -1 1/4 | \$97 1/2 | -1 1/4 | \$97 | -1 1/4 | \$96 1/2 | -1 1/4 | \$96 | -1 1/4 | \$95 1/2 | -1 1/4 | \$95 | -1 1/4 | \$94 1/2 | -1 1/4 | \$94 | -1 1/4 | \$93 1/2 | -1 1/4 | \$93 | -1 1/4 | \$92 1/2 | -1 1/4 | \$92 | -1 1/4 | \$91 1/2 | -1 1/4 | \$91 | -1 1/4 | \$90 1/2 | -1 1/4 | \$90 | -1 1/4 | \$89 1/2 | -1 1/4 | \$89 | -1 1/4 | \$88 1/2 | -1 1/4 | \$88 | -1 1/4 | \$87 1/2 | -1 1/4 | \$87 | -1 1/4 | \$86 1/2 | -1 1/4 | \$86 | -1 1/4 | \$85 1/2 | -1 1/4 | \$85 | -1 1/4 | \$84 1/2 | -1 1/4 | \$84 | -1 1/4 | \$83 1/2 | -1 1/4 | \$83 | -1 1/4 | \$82 1/2 | -1 1/4 | \$82 | -1 1/4 | \$81 1/2 | -1 1/4 | \$81 | -1 1/4 | \$80 1/2 | -1 1/4 | \$80 | -1 1/4 | \$79 1/2 | -1 1/4 | \$79 | -1 1/4 | \$78 1/2 | -1 1/4 | \$78 | -1 1/4 | \$77 1/2 | -1 1/4 | \$77 | -1 1/4 | \$76 1/2 | -1 1/4 | \$76 | -1 1/4 | \$75 1/2 | -1 1/4 | \$75 | -1 1/4 | \$74 1/2 | -1 1/4 | \$74 | -1 1/4 | \$73 1/2 | -1 1/4 | \$73 | -1 1/4 | \$72 1/2 | -1 1/4 | \$72 | -1 1/4 | \$71 1/2 | -1 1/4 | \$71 | -1 1/4 | \$70 1/2 | -1 1/4 | \$70 | -1 1/4 | \$69 1/2 | -1 1/4 | \$69 | -1 1/4 | \$68 1/2 | -1 1/4 | \$68 | -1 1/4 | \$67 1/2 | -1 1/4 | \$67 | -1 1/4 | \$66 1/2 | -1 1/4 | \$66 | -1 1/4 | \$65 1/2 | -1 1/4 | \$65 | -1 1/4 | \$64 1/2 | -1 1/4 | \$64 | -1 1/4 | \$63 1/2 | -1 1/4 | \$63 | -1 1/4 | \$62 1/2 | -1 1/4 | \$62 | -1 1/4 | \$61 1/2 | -1 1/4 | \$61 | -1 1/4 | \$60 1/2 | -1 1/4 | \$60 | -1 1/4 | \$59 1/2 | -1 1/4 | \$59 | -1 1/4 | \$58 1/2 | -1 1/4 | \$58 | -1 1/4 | \$57 1/2 | -1 1/4 | \$57 | -1 1/4 | \$56 1/2 | -1 1/4 | \$56 | -1 1/4 | \$55 1/2 | -1 1/4 | \$55 | -1 1/4 | \$54 1/2 | -1 1/4 | \$54 | -1 1/4 | \$53 1/2 | -1 1/4 | \$53 | -1 1/4 | \$52 1/2 | -1 1/4 | \$52 | -1 1/4 | \$51 1/2 | -1 1/4 | \$51 | -1 1/4 | \$50 1/2 | -1 1/4 | \$50 | -1 1/4 | \$49 1/2 | -1 1/4 | \$49 | -1 1/4 | \$48 1/2 | -1 1/4 | \$48 | -1 1/4 | \$47 1/2 | -1 1/4 | \$47 | -1 1/4 | \$46 1/2 | -1 1/4 | \$46 | -1 1/4 | \$45 1/2 | -1 1/4 | \$45 | -1 1/4 | \$44 1/2 | -1 1/4 | \$44 | -1 1/4 | \$43 1/2 | -1 1/4 | \$43 | -1 1/4 | \$42 1/2 | -1 1/4 | \$42 | -1 1/4 | \$41 1/2 | -1 1/4 | \$41 | -1 1/4 | \$40 1/2 | -1 1/4 | \$40 | -1 1/4 | \$39 1/2 | -1 1/4 | \$39 | -1 1/4 | \$38 1/2 | -1 1/4 | \$38 | -1 1/4 | \$37 1/2 | -1 1/4 | \$37 | -1 1/4 | \$36 1/2 | -1 1/4 | \$36 | -1 1/4 | \$35 1/2 | -1 1/4 | \$35 | -1 1/4 | \$34 1/2 | -1 1/4 | \$34 | -1 1/4 | \$33 1/2 | -1 1/4 | \$33 | -1 1/4 | \$32 1/2 | -1 1/4 | \$32 | -1 1/4 | \$31 1/2 | -1 1/4 | \$31 | -1 1/4 | \$30 1/2 | -1 1/4 | \$30 | -1 1/4 | \$29 1/2 | -1 1/4 | \$29 | -1 1/4 | \$28 1/2 | -1 1/4 | \$28 | -1 1/4 | \$27 1/2 | -1 1/4 | \$27 | -1 1/4 | \$26 1/2 | -1 1/4 | \$26 | -1 1/4 | \$25 1/2 | -1 1/4 | \$25 | -1 1/4 | \$24 1/2 | -1 1/4 | \$24 | -1 1/4 | \$23 1/2 | -1 1/4 | \$23 | -1 1/4 | \$22 1/2 | -1 1/4 | \$22 | -1 1/4 | \$21 1/2 | -1 1/4 | \$21 | -1 1/4 | \$20 1/2 | -1 1/4 | \$20 | -1 1/4 | \$19 1/2 | -1 1/4 | \$19 | -1 1/4 | \$18 1/2 | -1 1/4 | \$18 | -1 1/4 | \$17 1/2 | -1 1/4 | \$17 | -1 1/4 | \$16 1/2 | -1 1/4 | \$16 | -1 1/4 | \$15 1/2 | -1 1/4 | \$15 | -1 1/4 | \$14 1/2 | -1 1/4 | \$14 | -1 1/4 | \$13 1/2 | -1 1/4 | \$13 | -1 1/4 | \$12 1/2 | -1 1/4 | \$12 | -1 1/4 | \$11 1/2 | -1 1/4 | \$11 | -1 1/4 | \$10 1/2 | -1 1/4 | \$10 | -1 1/4 | \$9 1/2 | -1 1/4 | \$9 | -1 1/4 | \$8 1/2 | -1 1/4 | \$8 | -1 1/4 | \$7 1/2 | -1 1/4 | \$7 | -1 1/4 | \$6 1/2 | -1 1/4 | \$6 | -1 1/4 | \$5 1/2 | -1 1/4 | \$5 | -1 1/4 | \$4 1/2 | -1 1/4 | \$4 | -1 1/4 | \$3 1/2 | -1 1/4 | \$3 | -1 1/4 | \$2 1/2 | -1 1/4 | \$2 | -1 1/4 | \$1 1/2 | -1 1/4 | \$1 | -1 1/4 | \$0 1/2 | -1 1/4 | \$0 | -1 1/4 | \$-1/2 | -1 1/4 | \$-3/4 | -1 1/4 | \$-1 | -1 1/4 | \$-1 1/4 | -1 1/4 | \$-1 1/2 | -1 1/4 | \$-1 3/4 | -1 1/4 | \$-2 | -1 1/4 | \$-2 1/4 | -1 1/4 | \$-2 1/2 | -1 1/4 | \$-2 3/4 | -1 1/4 | \$-3 | -1 1/4 | \$-3 1/4 | -1 1/4 | \$-3 1/2 | -1 1/4 | \$-3 3/4 | -1 1/4 | \$-4 | -1 1/4 | \$-4 1/4 | -1 1/4 | \$-4 1/2 | -1 1/4 | \$-4 3/4 | -1 1/4 | \$-5 | -1 1/4 | \$-5 1/4 | -1 1/4 | \$-5 1/2 | -1 1/4 | \$-5 3/4 | -1 1/4 | \$-6 | -1 1/4 | \$-6 1/4 | -1 1/4 | \$-6 1/2 | -1 1/4 | \$-6 3/4 | -1 1/4 | \$-7 | -1 1/4 | \$-7 1/4 | -1 1/4 | \$-7 1/2 | -1 1/4 | \$-7 3/4 | -1 1/4 | \$-8 | -1 1/4 | \$-8 1/4 | -1 1/4 | \$-8 1/2 | -1 1/4 | \$-8 3/4 | -1 1/4 | \$-9 | -1 1/4 | \$-9 1/4 | -1 1/4 | \$-9 1/2 | -1 1/4 | \$-9 3/4 | -1 1/4 | \$-10 | -1 1/4 | \$-10 1/4 | -1 1/4 | \$-10 1/2 | -1 1/4 | \$-10 3/4 | -1 1/4 | \$-11 | -1 1/4 | \$-11 1/4 | -1 1/4 | \$-11 1/2 | -1 1/4 | \$-11 3/4 | -1 1/4 | \$-12 | -1 1/4 | \$-12 1/4 | -1 1/4 | \$-12 1/2 | -1 1/4 | \$-12 3/4 | -1 1/4 | \$-13 | -1 1/4 | \$-13 1/4 | -1 1/4 | \$-13 1/2 | -1 1/4 | \$-13 3/4 | -1 1/4 | \$-14 | -1 1/4 | \$-14 1/4 | -1 1/4 | \$-14 1/2 | -1 1/4 | \$-14 3/4 | -1 1/4 | \$-15 | -1 1/4 | \$-15 1/4 | -1 1/4 | \$-15 1/2 | -1 1/4 | \$-15 3/4 | -1 1/4 | \$-16 | -1 1/4 | \$-16 1/4 | -1 1/4 | \$-16 1/2 | -1 1/4 | \$-16 3/4 | -1 1/4 | \$-17 | -1 1/4 | \$-17 1/4 | -1 1/4 | \$-17 1/2 | -1 1/4 | \$-17 3/4 | -1 1/4 | \$-18 | -1 1/4 | \$-18 1/4 | -1 1/4 | \$-18 1/2 | -1 1/4 | \$-18 3/4 | -1 1/4 | \$-19 | -1 1/4 | \$-19 1/4 | -1 1/4 | \$-19 1/2 | -1 1/4 | \$-19 3/4 | -1 1/4 | \$-20 | -1 1/4 | \$-20 1/4 | -1 1/4 | \$-20 1/2 | -1 1/4 | \$-20 3/4 | -1 1/4 | \$-21 | -1 1/4 | \$-21 1/4 | -1 1/4 | \$-21 1/2 | -1 1/4 | \$-21 3/4 | -1 1/4 | \$-22 | -1 1/4 | \$-22 1/4 | -1 1/4 | \$-22 1/2 | -1 1/4 | \$-22 3/4 | -1 1/4 | \$-23 | -1 1/4 | \$-23 1/4 | -1 1/4 | \$-23 1/2 | -1 1/4 | \$-23 3/4 | -1 1/4 | \$-24 | -1 1/4 | \$-24 1/4 | -1 1/4 | \$-24 1/2 | -1 1/4 | \$-24 3/4 | -1 1/4 | \$-25 | -1 1/4 | \$-25 1/4 | -1 1/4 | \$-25 1/2 | -1 1/4 | \$-25 3/4 | -1 1/4 | \$-26 | -1 1/4 | \$-26 1/4 | -1 1/4 | \$-26 1/2 | -1 1/4 | \$-26 3/4 | -1 1/4 | \$-27 | -1 1/4 | \$-27 1/4 | -1 1/4 | \$-27 1/2 | -1 1/4 | \$-27 3/4 | -1 1/4 | \$-28 | -1 1/4 | \$-28 1/4 | -1 1/4 | \$-28 1/2 | -1 1/4 | \$-28 3/4 | -1 1/4 | \$-29 | -1 1/4 | \$-29 1/4 | -1 1/4 | \$-29 1/2 | -1 1/4 | \$-29 3/4 | -1 1/4 | \$-30 | -1 1/4 | \$-30 1/4 | -1 1/4 | \$-30 1/2 | -1 1/4 | \$-30 3/4 | -1 1/4 | \$-31 | -1 1/4 | \$-31 1/4 | -1 1/4 | \$-31 1/2 | -1 1/4 | \$-31 3/4 | -1 1/4 | \$-32 | -1 1/4 | \$-32 1/4 | -1 1/4 | \$-32 1/2 | -1 1/4 | \$-32 3/4 | -1 1/4 | \$-33 | -1 1/4 | \$-33 1/4 | -1 1/4 | \$-33 1/2 | -1 1/4 | \$-33 3/4 | -1 1/4 | \$-34 | -1 1/4 | \$-34 1/4 | -1 1/4 | \$-34 1/2 | -1 1/4 | \$-34 3/4 | -1 1/4 | \$-35 | -1 1/4 | \$-35 1/4 | -1 1/4 | \$-35 1/2 | -1 1/4 | \$-35 3/4 | -1 1/4 | \$-36 | -1 1/4 | \$-36 1/4 | -1 1/4 | \$-36 1/2 | -1 1/4 | \$-36 3/4 | -1 1/4 | \$-37 | -1 1/4 | \$-37 1/4 | -1 1/4 | \$-37 1/2 | -1 1/4 | \$-37 3/4 | -1 1/4 | \$-38 | -1 1/4 | \$-38 1/4 | -1 1/4 | \$-38 1/2 | -1 1/4 | \$-38 3/4 | -1 1/4 | \$-39 | -1 1/4 | \$-39 1/4 | -1 1/4 | \$-39 1/2 | -1 1/4 | \$-39 3/4 | -1 1/4 | \$-40 | -1 1/4 | \$-40 1/4 | -1 1/4 | \$-40 1/2 | -1 1/4 | \$-40 3/4 | -1 1/4 | \$-41 | -1 1/4 | \$-41 1/4 | -1 1/4 | \$-41 1/2 | -1 1/4 | \$-41 3/4 | -1 1/4 | \$-42 | -1 1/4 | \$-42 1/4 | -1 1/4 | \$-42 1/2 | -1 1/4 | \$-42 3/4 | -1 1/4 | \$-43 | -1 1/4 | \$-43 1/4 | -1 1/4 | \$-43 1/2 | -1 1/4 | \$-43 3/4 | -1 1/4 | \$-44 | -1 1/4 | \$-44 1/4 | -1 1/4 | \$-44 1/2 | -1 1/4 | \$-44 3/4 | -1 1/4 | \$-45 | -1 1/4 | \$-45 1/4 | -1 1/4 | \$-45 1/2 | -1 1/4 | \$-45 3/4 | -1 1/4 | \$-46 | -1 1/4 | \$-46 1/4 | -1 1/4 | \$-46 1/2 | -1 1/4 | \$-46 3/4 | -1 1/4 | \$-47 | -1 1/4 | \$-47 1/4 | -1 1/4 | \$-47 1/2 | -1 1/4 | \$-47 3/4 | -1 1/4 | \$-48 | -1 1/4 | \$-48 1/4 | -1 1/4 | \$-48 1/2 | -1 1/4 | \$-48 3/4 | -1 1/4 | \$-49 | -1 1/4 | \$-49 1/4 | -1 1/4 | \$-49 1/2 | -1 1/4 | \$-49 3/4 | -1 1/4 | \$-50 | -1 1/4 | \$-50 1/4 | -1 1/4 | \$-50 1/2 | -1 1/4 | \$-50 3/4 | -1 1/4 | \$-51 | -1 1/4 | \$-51 1/4 | -1 1/4 | \$-51 1/2 | -1 1/4 | \$-51 3/4 | -1 1/4 | \$-52 | -1 1/4 | \$-52 1/4 | -1 1/4 | \$-52 1/2 | -1 1/4 | \$-52 3/4 | -1 1/4 | \$-53 | -1 1/4 | \$-53 1/4 | -1 1/4 | \$-53 1/2 | -1 1/4 | \$-53 3/4 | -1 1/4 | \$-54 | -1 1/4 | \$-54 1/4 | -1 1/4</ |
|------------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|-----------|--------|-------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--------|------|--------|----------|--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NOTES

denominated securities which include Investment dollars.
 Stock.
 of Lower marked thus have been adjusted to allow for rights
 or coupon increased or retained.
 since reduced, passed or deferred.
 to non-residents on application.
 or report awaited.
 security.
 time of suspension.
 dividend after pending scrip and/or rights issue: cover
 previous dividends or forecasts.
 bid or reorganisation in progress.

dividend; reduced final and/or reduced earnings indicated
dividend; cover on earnings updated by latest interim
allows for conversion of shares not now ranking for dividend
only for restricted dividend.
not allow for shares which may also rank for dividend;
date. No P/E ratio usually provided.
a final dividend declaration.
price.
value.
b. Figures based on prospectus or other official
c. Cont. d. Dividend rate paid or payable on part
or based on dividend on full capital. e. Redemption yield
f. Assumed dividend and yield. h. Assumed dividend on

^a Higher than previous total. ^b Rights issue premium based on preliminary figures. ^c Dividend and yield exclude special dividend payment. ^d Indicated dividend cover relates to prefloat dividend/E ratio based on latest annual earnings. ^e Forecasted dividend cover based on previous year's earnings. ^f Tax free up to 7% per year. ^g Yield allows for currency change. ^h Dividend and yield include special dividend payments which will apply to zero coupon bonds. ⁱ Dividend and yield based on 1986-87 financial years. ^j Dividend and yield based on 1986-87 financial years. ^k Dividend and yield based on 1987-88 financial estimates for 1978-79. ^l Dividend and yield based on 1978-79 financial estimates for 1978-79. ^m Dividend and yield based on 1978-79 financial estimates for 1978-79.

for other official estimates for 1978. N Dividend and Yield based on prospectus or other official estimates for 1979-P. Figures in parentheses or other official estimates for 1978-79. Q Gross. R Dividend. Z Dividend total to date. \$Y Yield based on Treasury Bill Rate stay unchanged until maturity of stock. * Dividend; ** Ex dividend; *** Ex scrip issue; **** Ex rights; ***** Ex total distribution.

"Distributions" and "Rights" Page 40

is available to every Company dealt in on the Stock Exchange throughout the United Kingdom for a fee of £500.

REGIONAL MARKETS

This page contains a selection of London quotations of shares previously listed in regional markets. Prices of Irish issues, most of which are now listed in London, are also quoted on the Irish exchange.

| | | | | | |
|-----|----------|----|----------------|------|----|
| | 27 17 | -1 | Siodall (Wm.) | 175 | |
| 20p | 436 | | IRISH | | |
| 50p | 29 | +1 | Corn. 9% 80/82 | 285 | |
| £1 | £10½ | | Nat. 9½% 84/89 | 272½ | |
| | | | Fin. 13% 97/02 | 279½ | +½ |

| | | | | | |
|-----|---------|-------|-------------------|-----|----|
| 7A | 180 | ..... | Alliance gas | 62 | |
| 8A | 48 | ..... | Armed | 386 | |
| 9A | 197-101 | ..... | Carroll (P.J.) | 35 | +2 |
| 10A | 683 | -75 | Chondale | 83 | +3 |
| 11A | 75 | ..... | Concrete Prods. | 75 | -4 |
| 12A | 255 | ..... | Heaton (Hidg.) | 75 | |
| 13A | 156 | ..... | Ins. Corp. | 212 | |
| 14A | 340 | ..... | Irish Rapcs | 73 | |
| 15A | 30 | ..... | Jacob | 31 | |
| 16A | 105 | ..... | T.M.G. | 155 | |
| 17A | 105 | ..... | United Nat. Corp. | 90 | +5 |

3-month Call Rates

| | | | | |
|----|--------------|-----|----------------|----|
| 8 | I.C.I. | 29 | Tube Invest. | 27 |
| 8 | "Imps" | 40 | Unilever | 40 |
| 4 | I.C.I. | 45 | U.B.T. | 4 |
| 12 | Unilever | 5 | Utd. Drapers | 18 |
| 33 | NCA | 30 | Vickers | 18 |
| 33 | Ladbro's | 17 | Woolworths | 65 |
| 28 | Legal & Gen. | 2.0 | | |
| 17 | Lloy Service | 11 | Property | |
| 17 | Lloy Bank | 24 | Brit. Land | 7 |
| 26 | "Lo's" | 31 | Cap. Companies | 9 |
| 26 | London Brick | 6 | Lang. Sess. | 2 |

| | | | | |
|-------|----------------|----|----------------|----|
| 75-20 | Lucas Ind. | 6 | MEPC | 17 |
| 75-20 | "Mama" | 20 | Peccey | 17 |
| 75-20 | Mika & Spencer | 15 | Sammal Props. | 14 |
| 75-20 | Midland Sank | 30 | Town & City | 2 |
| 75-20 | | 5 | | |
| 75-20 | N. West, Bank | 10 | Oils | |
| 75-20 | P & O Dist. | 10 | Ref. Petroleum | 10 |
| 75-20 | Plecoy | 10 | Burnham Oil | 15 |
| 75-20 | Racal Elec. | 22 | Cheremall | 5 |
| 75-20 | R.H.M. | 40 | Procter | 5 |
| 75-20 | Rank Dry. | 17 | Shell | 30 |
| 75-20 | Reed Intnl. | 17 | Ultramar | 20 |
| 75-20 | Sears | 17 | | |
| 75-20 | Spliters | 17 | Miles | |

| | | | | |
|----|--------------|----|---------------|----|
| 22 | Yesco | 7 | Charter Corp. | 24 |
| 36 | Thru | 35 | Cash, Gold | 18 |
| 34 | Trans-Houses | 24 | Rio T. Zinc | 27 |

A selection of Options traded is given on the London Stock Exchange Report page.

| | High | Low | Stock | Price | ± | High | Low | Stock | Price | ± |
|------|------|-----|------------------|-------|----|------|------|-------|-------|---|
| 27.3 | 235 | 231 | Kellogg's Toilet | 180 | +3 | 23.0 | 22.5 | | | |
| 27.2 | 232 | 228 | Wheat No. 1 | 180 | +3 | 22.8 | 22.3 | | | |
| 27.1 | 231 | 227 | Wheat No. 2 | 180 | +3 | 22.7 | 22.2 | | | |
| 27.0 | 230 | 226 | Wheat No. 3 | 180 | +3 | 22.6 | 22.1 | | | |
| 26.9 | 229 | 225 | Wheat No. 4 | 180 | +3 | 22.5 | 22.0 | | | |
| 26.8 | 228 | 224 | Wheat No. 5 | 180 | +3 | 22.4 | 21.9 | | | |
| 26.7 | 227 | 223 | Wheat No. 6 | 180 | +3 | 22.3 | 21.8 | | | |
| 26.6 | 226 | 222 | Wheat No. 7 | 180 | +3 | 22.2 | 21.7 | | | |
| 26.5 | 225 | 221 | Wheat No. 8 | 180 | +3 | 22.1 | 21.6 | | | |
| 26.4 | 224 | 220 | Wheat No. 9 | 180 | +3 | 22.0 | 21.5 | | | |
| 26.3 | 223 | 219 | Wheat No. 10 | 180 | +3 | 21.9 | 21.4 | | | |
| 26.2 | 222 | 218 | Wheat No. 11 | 180 | +3 | 21.8 | 21.3 | | | |
| 26.1 | 221 | 217 | Wheat No. 12 | 180 | +3 | 21.7 | 21.2 | | | |
| 26.0 | 220 | 216 | Wheat No. 13 | 180 | +3 | 21.6 | 21.1 | | | |
| 25.9 | 219 | 215 | Wheat No. 14 | 180 | +3 | 21.5 | 21.0 | | | |
| 25.8 | 218 | 214 | Wheat No. 15 | 180 | +3 | 21.4 | 20.9 | | | |
| 25.7 | 217 | 213 | Wheat No. 16 | 180 | +3 | 21.3 | 20.8 | | | |
| 25.6 | 216 | 212 | Wheat No. 17 | 180 | +3 | 21.2 | 20.7 | | | |
| 25.5 | 215 | 211 | Wheat No. 18 | 180 | +3 | 21.1 | 20.6 | | | |
| 25.4 | 214 | 210 | Wheat No. 19 | 180 | +3 | 21.0 | 20.5 | | | |
| 25.3 | 213 | 209 | Wheat No. 20 | 180 | +3 | 20.9 | 20.4 | | | |
| 25.2 | 212 | 208 | Wheat No. 21 | 180 | +3 | 20.8 | 20.3 | | | |
| 25.1 | 211 | 207 | Wheat No. 22 | 180 | +3 | 20.7 | 20.2 | | | |
| 25.0 | 210 | 206 | Wheat No. 23 | 180 | +3 | 20.6 | 20.1 | | | |
| 24.9 | 209 | 205 | Wheat No. 24 | 180 | +3 | 20.5 | 20.0 | | | |
| 24.8 | 208 | 204 | Wheat No. 25 | 180 | +3 | 20.4 | 19.9 | | | |
| 24.7 | 207 | 203 | Wheat No. 26 | 180 | +3 | 20.3 | 19.8 | | | |
| 24.6 | 206 | 202 | Wheat No. 27 | 180 | +3 | 20.2 | 19.7 | | | |
| 24.5 | 205 | 201 | Wheat No. 28 | 180 | +3 | 20.1 | 19.6 | | | |
| 24.4 | 204 | 200 | Wheat No. 29 | 180 | +3 | 20.0 | 19.5 | | | |
| 24.3 | 203 | 199 | Wheat No. 30 | 180 | +3 | 19.9 | 19.4 | | | |
| 24.2 | 202 | 198 | Wheat No. 31 | 180 | +3 | 19.8 | 19.3 | | | |
| 24.1 | 201 | 197 | Wheat No. 32 | 180 | +3 | 19.7 | 19.2 | | | |
| 24.0 | 200 | 196 | Wheat No. 33 | 180 | +3 | 19.6 | 19.1 | | | |
| 23.9 | 199 | 195 | Wheat No. 34 | 180 | +3 | 19.5 | 19.0 | | | |
| 23.8 | 198 | 194 | Wheat No. 35 | 180 | +3 | 19.4 | 18.9 | | | |
| 23.7 | 197 | 193 | Wheat No. 36 | 180 | +3 | 19.3 | 18.8 | | | |
| 23.6 | 196 | 192 | Wheat No. 37 | 180 | +3 | 19.2 | 18.7 | | | |
| 23.5 | 195 | 191 | Wheat No. 38 | 180 | +3 | 19.1 | 18.6 | | | |
| 23.4 | 194 | 190 | Wheat No. 39 | 180 | +3 | 19.0 | 18.5 | | | |
| 23.3 | 193 | 189 | Wheat No. 40 | 180 | +3 | 18.9 | 18.4 | | | |
| 23.2 | 192 | 188 | Wheat No. 41 | 180 | +3 | 18.8 | 18.3 | | | |
| 23.1 | 191 | 187 | Wheat No. 42 | 180 | +3 | 18.7 | 18.2 | | | |
| 23.0 | 190 | 186 | Wheat No. 43 | 180 | +3 | 18.6 | 18.1 | | | |
| 22.9 | 189 | 185 | Wheat No. 44 | 180 | +3 | 18.5 | 18.0 | | | |
| 22.8 | 188 | 184 | Wheat No. 45 | 180 | +3 | 18.4 | 17.9 | | | |
| 22.7 | 187 | 183 | Wheat No. 46 | 180 | +3 | 18.3 | 17.8 | | | |
| 22.6 | 186 | 182 | Wheat No. 47 | 180 | +3 | 18.2 | 17.7 | | | |
| 22.5 | 185 | 181 | Wheat No. 48 | 180 | +3 | 18.1 | 17.6 | | | |
| 22.4 | 184 | 180 | Wheat No. 49 | 180 | +3 | 18.0 | 17.5 | | | |
| 22.3 | 183 | 179 | Wheat No. 50 | 180 | +3 | 17.9 | 17.4 | | | |
| 22.2 | 182 | 178 | Wheat No. 51 | 180 | +3 | 17.8 | 17.3 | | | |
| 22.1 | 181 | 177 | Wheat No. 52 | 180 | +3 | 17.7 | 17.2 | | | |
| 22.0 | 180 | 176 | Wheat No. 53 | 180 | +3 | 17.6 | 17.1 | | | |
| 21.9 | 179 | 175 | Wheat No. 54 | 180 | +3 | 17.5 | 17.0 | | | |
| 21.8 | 178 | 174 | Wheat No. 55 | 180 | +3 | 17.4 | 16.9 | | | |
| 21.7 | 177 | 173 | Wheat No. 56 | 180 | +3 | 17.3 | 16.8 | | | |
| 21.6 | 176 | 172 | Wheat No. 57 | 180 | +3 | 17.2 | 16.7 | | | |
| 21.5 | 175 | 171 | Wheat No. 58 | 180 | +3 | 17.1 | 16.6 | | | |
| 21.4 | 174 | 170 | Wheat No. 59 | 180 | +3 | 17.0 | 16.5 | | | |
| 21.3 | 173 | 169 | Wheat No. 60 | 180 | +3 | 16.9 | 16.4 | | | |
| 21.2 | 172 | 168 | Wheat No. 61 | 180 | +3 | 16.8 | 16.3 | | | |
| 21.1 | 171 | 167 | Wheat No. 62 | 180 | +3 | 16.7 | 16.2 | | | |
| 21.0 | 170 | 166 | Wheat No. 63 | 180 | +3 | 16.6 | 16.1 | | | |
| 20.9 | 169 | 165 | Wheat No. 64 | 180 | +3 | 16.5 | 16.0 | | | |
| 20.8 | 168 | 164 | Wheat No. 65 | 180 | +3 | 16.4 | 15.9 | | | |
| 20.7 | 167 | 163 | Wheat No. 66 | 180 | +3 | 16.3 | 15.8 | | | |
| 20.6 | 166 | 162 | Wheat No. 67 | 180 | +3 | 16.2 | 15.7 | | | |
| 20.5 | 165 | 161 | Wheat No. 68 | 180 | +3 | 16.1 | 15.6 | | | |
| 20.4 | 164 | 160 | Wheat No. 69 | 180 | +3 | 16.0 | 15.5 | | | |
| 20.3 | 163 | 159 | Wheat No. 70 | 180 | +3 | 15.9 | 15.4 | | | |
| 20.2 | 162 | 158 | Wheat No. 71 | 180 | +3 | 15.8 | 15.3 | | | |
| 20.1 | 161 | 157 | Wheat No. 72 | 180 | +3 | 15.7 | 15.2 | | | |
| 20.0 | 160 | 156 | Wheat No. 73 | 180 | +3 | 15.6 | 15.1 | | | |
| 19.9 | 159 | 155 | Wheat No. 74 | 180 | +3 | 15.5 | 15.0 | | | |
| 19.8 | 158 | 154 | Wheat No. 75 | 180 | +3 | 15.4 | 14.9 | | | |
| 19.7 | 157 | 153 | Wheat No. 76 | 180 | +3 | 15.3 | 14.8 | | | |
| 19.6 | 156 | 152 | Wheat No. 77 | 180 | +3 | 15.2 | 14.7 | | | |
| 19.5 | 155 | 151 | Wheat No. 78 | 180 | +3 | 15.1 | 14.6 | | | |
| 19.4 | 154 | 150 | Wheat No. 79 | 180 | +3 | 15.0 | 14.5 | | | |
| 19.3 | 153 | 149 | Wheat No. 80 | 180 | +3 | 14.9 | 14.4 | | | |
| 19.2 | 152 | 148 | Wheat No. 81 | 180 | +3 | 14.8 | 14.3 | | | |
| 19.1 | 151 | 147 | Wheat No. 82 | 180 | +3 | 14.7 | 14.2 | | | |
| 19.0 | 150 | 146 | Wheat No. 83 | 180 | +3 | 14.6 | 14.1 | | | |
| 18.9 | 149 | 145 | Wheat No. 84 | 180 | +3 | 14.5 | 14.0 | | | |
| 18.8 | 148 | 144 | Wheat No. 85 | 180 | +3 | 14.4 | 13.9 | | | |
| 18.7 | 147 | 143 | Wheat No. 86 | 180 | +3 | 14.3 | 13.8 | | | |
| 18.6 | 146 | 142 | Wheat No. 87 | 180 | +3 | 14.2 | 13.7 | | | |
| 18.5 | 145 | 141 | Wheat No. 88 | 180 | +3 | 14.1 | 13.6 | | | |
| 18.4 | 144 | 140 | Wheat No. 89 | 180 | +3 | 14.0 | 13.5 | | | |
| 18.3 | 143 | 139 | Wheat No. 90 | 180 | +3 | 13.9 | 13.4 | | | |
| 18.2 | 142 | 138 | Wheat No. 91 | 180 | +3 | 13.8 | 13.3 | | | |
| 18.1 | 141 | 137 | Wheat No. 92 | 180 | +3 | 13.7 | 13.2 | | | |
| 18.0 | 140 | 136 | Wheat No. 93 | 180 | +3 | 13.6 | 13.1 | | | |
| 17.9 | 139 | 135 | Wheat No. 94 | 180 | +3 | 13.5 | 13.0 | | | |
| 17.8 | 138 | 134 | Wheat No. 95 | 180 | +3 | 13.4 | 12.9 | | | |
| 17.7 | 137 | 133 | Wheat No. 96 | 180 | +3 | 13.3 | 12.8 | | | |
| 17.6 | 136 | 132 | Wheat No. 97 | 180 | +3 | 13.2 | 12.7 | | | |
| 17.5 | 135 | 131 | Wheat No. 98 | 180 | +3 | 13.1 | 12.6 | | | |
| 17.4 | 134 | 130 | Wheat No. 99 | 180 | +3 | 13.0 | 12.5 | | | |
| 17.3 | 133 | 129 | Wheat No. 100 | 180 | +3 | 12.9 | 12.4 | | | |
| 17.2 | 132 | 128 | Wheat No. 101 | 180 | +3 | 12.8 | 12.3 | | | |
| 17.1 | 131 | 127 | Wheat No. 102 | 180 | +3 | 12.7 | 12.2 | | | |
| 17.0 | 130 | 126 | Wheat No. 103 | 180 | +3 | 12.6 | 12.1 | | | |
| 16.9 | 129 | 125 | Wheat No. 104 | 180 | +3 | 12.5 | 12.0 | | | |
| 16.8 | 128 | 124 | Wheat No. 105 | 180 | +3 | 12.4 | 11.9 | | | |
| 16.7 | 127 | 123 | Wheat No. 106 | 180 | +3 | 12.3 | 11.8 | | | |
| 16.6 | 126 | 122 | Wheat No. 107 | 180 | +3 | 12.2 | 11.7 | | | |
| 16.5 | 125 | 121 | Wheat No. 108 | 180 | +3 | 12.1 | 11.6 | | | |
| 16.4 | 124 | 120 | Wheat No. 109 | 180 | +3 | 12.0 | 11.5 | | | |
| 16.3 | 123 | 119 | Wheat No. 110 | 180 | +3 | 11.9 | 11.4 | | | |
| 16.2 | 122 | 118 | Wheat No. 111 | 180 | +3 | 11.8 | 11.3 | | | |
| 16.1 | 121 | 117 | Wheat No. 112 | 180 | +3 | 11.7 | 11.2 | | | |
| 16.0 | 120 | 116 | Wheat No. 113 | 180 | +3 | 11.6 | 11.1 | | | |
| 15.9 | 119 | 115 | Wheat No. 114 | 180 | +3 | 11.5 | 11.0 | | | |
| 15.8 | 118 | 114 | Wheat No. 115 | 180 | +3 | 11.4 | 10.9 | | | |
| 15.7 | 117 | 113 | Wheat No. 116 | 180 | +3 | 11.3 | 10.8 | | | |
| 15.6 | 116 | 112 | Wheat No. 117 | 180 | +3 | 11.2 | 10.7 | | | |
| 15.5 | 115 | 111 | Wheat No. 118 | 180 | +3 | 11.1 | 10.6 | | | |
| 15.4 | 114 | 110 | Wheat No. 119 | 180 | +3 | 11.0 | 10.5 | | | |
| 15.3 | 113 | 109 | Wheat No. 120 | 180 | +3 | 10.9 | 10.4 | | | |
| 15.2 | 112 | 108 | Wheat No. 121 | 180 | +3 | 10.8 | 10.3 | | | |
| 15.1 | 111 | 107 | Wheat No. 122 | 180 | +3 | 10.7 | 10.2 | | | |
| 15.0 | 110 | 106 | Wheat No. 123 | 180 | +3 | 10.6 | 10.1 | | | |
| 14.9 | 109 | 105 | Wheat No. 124 | 180 | +3 | 10.5 | 10.0 | | | |
| 14.8 | 108 | 104 | Wheat No. 125 | 180 | +3 | 10.4 | 9.9 | | | |
| 14.7 | 107 | 103 | Wheat No. 126 | 180 | +3 | 10.3 | 9.8 | | | |
| 14.6 | 106 | 102 | Wheat No. 127 | 180 | +3 | 10.2 | 9.7 | | | |
| 14.5 | 105 | 101 | Wheat No. 128 | 180 | +3 | 10.1 | 9.6 | | | |
| 14.4 | 104 | 100 | Wheat No. 129 | 180 | +3 | 10.0 | 9.5 | | | |
| 14.3 | 103 | 99 | Wheat No. 130 | 180 | +3 | 9.9 | 9.4 | | | |
| 14.2 | 102 | 98 | Wheat No. 131 | 180 | +3 | 9.8 | 9.3 | | | |
| 14.1 | 101 | 97 | Wheat No. 132 | 180 | +3 | 9.7 | 9.2 | | | |
| 14.0 | 100 | 96 | Wheat No. 133 | 180 | +3 | 9.6 | 9.1 | | | |
| 13.9 | 99 | 95 | Wheat No. 134 | 180 | +3 | 9.5 | 9.0 | | | |
| 13.8 | 98 | 94 | Wheat No. 135 | 180 | +3 | 9.4 | 8.9 | | | |
| 13.7 | 97 | 93 | Wheat No. 136 | 180 | +3 | 9.3 | 8.8 | | | |
| 13.6 | 96 | 92 | Wheat No. 137 | 180 | +3 | 9.2 | 8.7 | | | |
| 13.5 | 95 | 91 | Wheat No. 138 | 180 | +3 | 9.1 | 8.6 | | | |
| 13.4 | 94 | 90 | Wheat No. 139 | 180 | +3 | 9.0 | 8.5 | | | |
| 13.3 | 93 | 89 | Wheat No. 140 | 180 | +3 | 8.9 | 8.4 | | | |
| 13.2 | 92 | 88 | Wheat No. 141 | 180 | +3 | 8.8 | 8.3 | | | |
| 13.1 | 91 | 87 | Wheat No. 142 | 180 | +3 | 8.7 | 8.2 | | | |
| 13.0 | 90 | 86 | Wheat No. 143 | 180 | +3 | 8.6 | 8.1 | | | |
| 12.9 | 89 | 85 | Wheat No. 144 | 180 | +3 | 8.5 | 8.0 | | | |
| 12.8 | 88 | | | | | | | | | |

| | | | | | | |
|--------------|-----|--------------------|-----------------|-----|------|------|
| 265 | 188 | 109 | William Plants. | 155 | 1 | 8.25 |
| 266 | 189 | 107 | Warren C.L. | 210 | -1 | 12 |
| Sri Lanka | | | | | | |
| 315 | 230 | Lunna C.L. | 298 | -2 | 10.0 | |
| Africa | | | | | | |
| 165 | 132 | Stamper | 115 | 7 | 6.0 | |
| 155 | 105 | Rio Estates | 105 | -4 | 29.0 | |
| MINES | | | | | | |
| CENTRAL RAND | | | | | | |
| 743 | 270 | Durand Deep R1 | 610 | +3 | 1050 | |
| 744 | 271 | East Rand Prop. R1 | 610 | +3 | 1050 | |
| 745 | 272 | West Rand R1 | 610 | +3 | 1050 | |
| 746 | 273 | West Rand R1 | 610 | +3 | 1050 | |
| 747 | 274 | West Rand R1 | 610 | +3 | 1050 | |
| 748 | 275 | West Rand R1 | 610 | +3 | 1050 | |
| 749 | 276 | West Rand R1 | 610 | +3 | 1050 | |
| 750 | 277 | West Rand R1 | 610 | +3 | 1050 | |
| 751 | 278 | West Rand R1 | 610 | +3 | 1050 | |
| 752 | 279 | West Rand R1 | 610 | +3 | 1050 | |
| 753 | 280 | West Rand R1 | 610 | +3 | 1050 | |
| 754 | 281 | West Rand R1 | 610 | +3 | 1050 | |
| 755 | 282 | West Rand R1 | 610 | +3 | 1050 | |
| 756 | 283 | West Rand R1 | 610 | +3 | 1050 | |
| 757 | 284 | West Rand R1 | 610 | +3 | 1050 | |
| 758 | 285 | West Rand R1 | 610 | +3 | 1050 | |
| 759 | 286 | West Rand R1 | 610 | +3 | 1050 | |
| 760 | 287 | West Rand R1 | 610 | +3 | 1050 | |
| 761 | 288 | West Rand R1 | 610 | +3 | 1050 | |
| 762 | 289 | West Rand R1 | 610 | +3 | 1050 | |
| 763 | 290 | West Rand R1 | 610 | +3 | 1050 | |
| 764 | 291 | West Rand R1 | 610 | +3 | 1050 | |
| 765 | 292 | West Rand R1 | 610 | +3 | 1050 | |
| 766 | 293 | West Rand R1 | 610 | +3 | 1050 | |
| 767 | 294 | West Rand R1 | 610 | +3 | 1050 | |
| 768 | 295 | West Rand R1 | 610 | +3 | 1050 | |
| 769 | 296 | West Rand R1 | 610 | +3 | 1050 | |
| 770 | 297 | West Rand R1 | 610 | +3 | 1050 | |
| 771 | 298 | West Rand R1 | 610 | +3 | 1050 | |
| 772 | 299 | West Rand R1 | 610 | +3 | 1050 | |
| 773 | 300 | West Rand R1 | 610 | +3 | 1050 | |
| 774 | 301 | West Rand R1 | 610 | +3 | 1050 | |
| 775 | 302 | West Rand R1 | 610 | +3 | 1050 | |
| 776 | 303 | West Rand R1 | 610 | +3 | 1050 | |
| 777 | 304 | West Rand R1 | 610 | +3 | 1050 | |
| 778 | 305 | West Rand R1 | 610 | +3 | 1050 | |
| 779 | 306 | West Rand R1 | 610 | +3 | 1050 | |
| 780 | 307 | West Rand R1 | 610 | +3 | 1050 | |
| 781 | 308 | West Rand R1 | 610 | +3 | 1050 | |
| 782 | 309 | West Rand R1 | 610 | +3 | 1050 | |
| 783 | 310 | West Rand R1 | 610 | +3 | 1050 | |
| 784 | 311 | West Rand R1 | 610 | +3 | 1050 | |
| 785 | 312 | West Rand R1 | 610 | +3 | 1050 | |
| 786 | 313 | West Rand R1 | 610 | +3 | 1050 | |
| 787 | 314 | West Rand R1 | 610 | +3 | 1050 | |
| 788 | 315 | West Rand R1 | 610 | +3 | 1050 | |
| 789 | 316 | West Rand R1 | 610 | +3 | 1050 | |
| 790 | 317 | West Rand R1 | 610 | +3 | 1050 | |
| 791 | 318 | West Rand R1 | 610 | +3 | 1050 | |
| 792 | 319 | West Rand R1 | 610 | +3 | 1050 | |
| 793 | 320 | West Rand R1 | 610 | +3 | 1050 | |
| 794 | 321 | West Rand R1 | 610 | +3 | 1050 | |
| 795 | 322 | West Rand R1 | 610 | +3 | 1050 | |
| 796 | 323 | West Rand R1 | 610 | +3 | 1050 | |
| 797 | 324 | West Rand R1 | 610 | +3 | 1050 | |
| 798 | 325 | West Rand R1 | 610 | +3 | 1050 | |
| 799 | 326 | West Rand R1 | 610 | +3 | 1050 | |
| 800 | 327 | West Rand R1 | 610 | +3 | 1050 | |
| 801 | 328 | West Rand R1 | 610 | +3 | 1050 | |
| 802 | 329 | West Rand R1 | 610 | +3 | 1050 | |
| 803 | 330 | West Rand R1 | 610 | +3 | 1050 | |
| 804 | 331 | West Rand R1 | 610 | +3 | 1050 | |
| 805 | 332 | West Rand R1 | 610 | +3 | 1050 | |
| 806 | 333 | West Rand R1 | 610 | +3 | 1050 | |
| 807 | 334 | West Rand R1 | 610 | +3 | 1050 | |
| 808 | 335 | West Rand R1 | 610 | +3 | 1050 | |
| 809 | 336 | West Rand R1 | 610 | +3 | 1050 | |
| 810 | 337 | West Rand R1 | 610 | +3 | 1050 | |
| 811 | 338 | West Rand R1 | 610 | +3 | 1050 | |
| 812 | 339 | West Rand R1 | 610 | +3 | 1050 | |
| 813 | 340 | West Rand R1 | 610 | +3 | 1050 | |
| 814 | 341 | West Rand R1 | 610 | +3 | 1050 | |
| 815 | 342 | West Rand R1 | 610 | +3 | 1050 | |
| 816 | 343 | West Rand R1 | 610 | +3 | 1050 | |
| 817 | 344 | West Rand R1 | 610 | +3 | 1050 | |
| 818 | 345 | West Rand R1 | 610 | +3 | 1050 | |
| 819 | 346 | West Rand R1 | 610 | +3 | 1050 | |
| 820 | 347 | West Rand R1 | 610 | +3 | 1050 | |
| 821 | 348 | West Rand R1 | 610 | +3 | 1050 | |
| 822 | 349 | West Rand R1 | 610 | +3 | 1050 | |
| 823 | 350 | West Rand R1 | 610 | +3 | 1050 | |
| 824 | 351 | West Rand R1 | 610 | +3 | 1050 | |
| 825 | 352 | West Rand R1 | 610 | +3 | 1050 | |
| 826 | 353 | West Rand R1 | 610 | +3 | 1050 | |
| 827 | 354 | West Rand R1 | 610 | +3 | 1050 | |
| 828 | 355 | West Rand R1 | 610 | +3 | 1050 | |
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FINANCIAL TIMES

Thursday October 18 1979

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Slowdown in growth shown by indices

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LEVEL of economic activity already appears to have fallen, according to official indicators designed to identify turning points in the business cycle.

The Central Statistical Office's indices of cyclical indicators, published yesterday, all point to a slowdown in the rate of economic growth after the rapid expansion of the late spring and early summer.

There has been considerable debate among economists and commentators about when the recession will start. Until recently, the evidence has been ambiguous. But the cyclical indicators and the flat trend in industrial production revealed on Monday both suggest that, at the least, the period of steady growth has finished.

The composite index of longer leading indicators, which looks ahead an average of 12 months to cyclical turning points, fell again last month, mainly

because of higher short-term interest rates.

Apart from a short-lived rise in the early spring, this index has fallen for most of the last year.

The index of shorter-leading indicators, which looks ahead an average of five months, fell sharply in August. This was the third successive monthly decline.

Erratic
Even more significant was the drop in August in the index of coincident indicators, which is broadly in line with the cycle. The index, which lags behind turning points, was broadly unchanged for the fourth successive month.

Officials warn that month-to-month movements need to be interpreted with care because of erratic influences and changes in the underlying data. Some figures have been revised substantially since last month.

but the trend is similar.

Commenting on last month's cyclical indicators, the Centre for Economic Forecasting of the London Business School said the trend was consistent with its forecast of falling output late this year and next year, and with its view that the trough of the recession will occur next year. The centre is headed by Professor Terry Burns, who has just been appointed chief economic adviser to the Treasury.

Monetarist analysts who look at the real money supply (sterling M3 adjusted for the inflation rate) also believe that a recession is imminent. Even after adjusting for the one-for-all element of the increase in Value Added Tax, the underlying rate of inflation is probably higher than the monetary growth target, so that the real rate of change is likely to remain negative.

The new chief adviser, Page 32

Lazards 'lost £500,000 in Spillers bid'

BY CHRISTINE MOIR

LAZARD BROTHERS, the merchant bank which advised Spillers in its successful bid for the Bank of England, has lost nearly £500,000 as a result of share deals designed to support the early stages of the bid.

Lazards spent nearly £8m of its own money buying more than 18m Spillers shares in the market. Yesterday it raised £8.1m by placing with institutions 2.2m of the Davy shares it received in exchange. The placing price was 278p. The remaining £25,000 shares are to be retained in the hope "that the price will go up." After a 5p rise in Davy's share price yesterday these have a market value of 285p or £2.37m.

Taking into account the higher value of the shares being retained, Lazards admits to "a loss of approaching £500,000."

Mr. Daniel Meinertzhagen, the chairman, said yesterday: "We do not regret it. We did it in order to assist our client succeed in the bid and it did succeed." He would not comment, however, on whether the purchase of so many shares—

over 12 per cent of Spillers' equity—had been a mistake.

Nor would he comment on whether the Bank of England had held any discussions with the bank over the size of the shareholding, which compares with disclosed shareholders' funds of £40m at the end of last year.

Although Lazards takes the view that Davy's share price will rise, it decided to sell the shares now because there are heavy carrying costs in financing such a sizeable block of shares. Mr. Meinertzhagen said: "If you make up your mind to do something you must do it."

During the bid, Spillers asked the Takeover Panel to confirm with Lazards that the shares had been bought on its own account and that there was no agreement for Lazards to assume responsibility for them. Both companies confirmed this.

Lazards is 79.4 per cent owned by S. Pearson and Son, the ultimate parent company of the Financial Times through Pearson Longman.

THE LEX COLUMN

Why BHS thrives on less food

Index fell 0.2 to 472.3

Share placings

After Marks and Spencer's lacklustre first half performance, the 27 per cent rise in British Home Stores' interim pre-tax profits, to £13.2m, looks surprisingly good. Notwithstanding the 8 per cent increase in the gross interim dividend, the shares rose 10p to 251p yesterday, where they yield a prospective 4.5 per cent.

Crude comparisons with Marks and Spencer are unfair since BHS is clearly still benefiting from its switch away from food to higher margin merchandise. While it is not giving away any secrets, the conclusion must be that BHS was making virtually nothing on its discontinued food stores and so it is experiencing a once-and-for-all benefit by injecting more profitable business. The group is selling more food now than it was last year even though it has cut the number of food departments by nearly a third.

In addition, BHS has been able to keep its sales volume moving ahead strongly in marked contrast to Marks and Spencer's experience. Assuming price inflation of 13 per cent, overall volume has risen by 7 per cent, of which just over half is accounted for by new stores. In the second half the group is opening another half-dozen stores (this year's capital spending is £35m) and it is confident that it can keep volume moving ahead firmly. So on present form, and assuming the SavaCentre project makes a positive contribution, BHS's profits could rise from £33.6m to £40m plus, which puts the shares on a multiple of just over 13 times prospective earnings, fully taxed.

For the moment BHS appears to have regained its momentum but the real question-mark hangs over the performance in 1980-81 when consumer spending should be more sluggish. At present BHS does not seem to be affected by Marks and Spencer's price cutting but the latter could escalate its offensive at some stage.

Yesterday's placings went through quite smoothly. MFI is a business that was in real financial difficulties five years ago, when it was capitalised at a few hundred thousand pounds. Today its market value is over £100m. This transformation follows the decision to abandon a costly mail order business and to expand rapidly its retail outlets for self assembly furniture. Total square footage of its stores has doubled since 1973, and the plan is roughly to double the space again in the next five years or so.

MFI is now a major stores group — comparable with Mothercare — and this year's forecast of a pre-tax profit rise from under £14m to at least £18m could well be exceeded by £1m or more. And the market rating is not outrageous, with a fully taxed prospective p/e of 11 and a yield of 5.2 per cent at the placing price of 72p. But this is the second major placing

of its shares this year, and it seems a safe bet that the forecast return on capital employed — nearly 100 per cent — will mark an all-time peak.

As for Lazards, the decision to sell most of the Davy shares picked up as a result of its buying raid on Spillers during the recent bid battle looks a prudent decision for a bank with disclosed net worth of around £40m at the last count. This exercise in financial machismo has cost between £400,000 and £500,000, and we may not quickly see its like again.

Discount Houses

Gerrard and National and Smith St. Aubyn were on their toes and anticipated the two-point rise in MLR on Budget day while Jessel Toynbee was obviously caught off guard. This seems to be the only worthwhile comment on the latest bunch of terse and uninformative interim statements from the three discount houses. Gerrard and National and Smith St. Aubyn both report higher profits during the first half but Jessel made a loss.

It would be surprising if the houses' performance had not picked up during this period since the comparable period of the previous year saw MLR jacked up by over 50 per cent. However, with the average cost of money for most of the period being virtually on a par with Treasury bill yields, running margins have been virtually non-existent and the houses have had to earn their living by juggling in and out of the gilt-edged market.

All the same, they are starting to report higher dividends, and compared with the big clearing banks they are being rather generous. Smith St. Aubyn has pushed up its interim dividend by 40 per cent which, if repeated at the final stage, will put it on a yield of 11.3 per cent. Gerrard's interim is up by a quarter and Jessel, notwithstanding its loss, expects to increase its full-year payment by 27 per cent.

Top military aircraft-makers discuss European project

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE THREE major military aircraft-manufacturing companies of Western Europe — British Aerospace, Messerschmitt-Bölkow-Blohm of West Germany, and Dassault-Breguet of France — have begun a six-month programme of talks on possible collaboration on a new tactical combat aircraft for the late 1980s and beyond.

This programme is eventually expected to involve more than 500 aircraft, and cost several billion pounds in research, development and production.

This will make it the second biggest military aircraft programme in Western Europe since the Second World War, after the S09 aircraft, E8bn Tornado multi-role combat aircraft programme, under way.

The new aircraft is intended as a replacement for the Jaguar close battlefield support aircraft in service with the RAF and French air force, and for the Phantom fighters in service with the Luftwaffe.

The decision to ask the manufacturers to press ahead with studies was taken at this week's meeting of the Defence Ministers of the three countries in Hamburg.

At the meeting, Mr. Francis Pym, for the UK, Herr Hans Apel of West Germany and M. Yvon Bourges of France, agreed that while much work had been done so far on a national basis — on Air Staff Target 403 in the

UK, on TKF-190 in West Germany and on the Dassault Mirage 2000 and 4000 in France — it was still insufficient to enable them to take decisions on a new collaborative venture.

The Ministers felt they needed to know more about costs and work-sharing, as well as the design of such an aircraft, and these are the areas in which the manufacturers' studies will be concentrated.

At the end of the six months, the Ministers expect to receive a detailed report, on the basis of which they will decide whether or not to proceed to the next stage, a feasibility study on a specific design of an aircraft.

This would be followed in 1981 by "project definition," leading to a full go-ahead for the project in 1982-83.

Decisions

These decisions will depend entirely on whether the three industrial groups this winter can agree on their ability to work together on such a project. The UK and West German industries have proved their ability to work together on the Tornado multi-role combat aircraft programme.

But the French industry in recent years has tended to develop its own programmes alone, such as the Dassault Mirage 2000 and 4000 fighters,

declining to join the Tornado programme.

A major question to be settled over the next six months, therefore, is whether the French are prepared to join a new European combat aircraft programme industrially and financially, even though at the political level M. Bourges made it clear this week that he was anxious to see a collaborative venture.

The Defence Ministers' meeting achieved some more positive results in other directions. They signed a memorandum of understanding on joint development of a new anti-tank guided weapon for the late 1980s, to replace the existing Franco-German Milan and UK Swingfire projects.

In addition, they studied the progress made in collaborative helicopter programmes such as the Franco-German PAF-2 aircraft for anti-tank warfare and the UK-Italian WC-34 anti-submarine warfare helicopter.

The Ministers expressed the hope that it might be possible to develop from these ventures a four-nation helicopter "package" that would also include a new tactical transport helicopter.

They have accordingly asked the helicopter manufacturers of the four countries to continue their international discussions with such a development in mind for the 1980s.

NEB titanium talks progress

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

TALKS ARE at an advanced stage on the creation of a European consortium co-ordinated by the National Enterprise Board to produce titanium at a £30m plant on Teesside.

The major parties in the talks are Pechiney-Ugine-Kuhlmann of France which has some technical expertise in the field and interest in a possible U.S. production plant.

Two other companies involved in the talks are the Krupp Group and Thyssen, both West German metal producers who might take some of the titanium production.

In the UK, the NEB has

already linked with Rolls-Royce, which needs the titanium for its specialised aero-engines, and with IMI which is involved in the production process. They have formed a company called Titanium Titanium to run the proposed new plant for which planning applications have been made.

But Sir Keith Joseph, Industry Secretary, insisted when he gave the project the go-ahead two months ago, that the NEB find further private sector partners to take over the Government's financial stake which at present is likely to amount to £20m.

Since then the NEB has had talks with titanium producers, metal users and financial institutions in Europe, the U.S. and Japan.

If the European talks lead to an agreement, the Teesside plant would have a production capacity of 5,000 tons a year. It would be followed by a 5,000-ton plant in France when demand justified. The project would be closely linked with European co-operation on aircraft manufacturing programmes in the 1980s.

Continued from Page 1

Rhodesia

"We share them. This is an explosive issue which could ruin the post-independence Zimbabwe in no time at all."

Dr. Kaunda added his weight to the Patriotic Front's demand that Britain should create a land fund which would be used to compensate white farmers and resettle blacks.

The Front, which on Tuesday withdrew all its reservations on the constitution except for that on land, has argued that it would be politically and economically unfair to ask the Government of a newly independent state to guarantee compensation payments. Search for a formula which would enable the Front to return to the country and participate in discussions on the transition now centres on the land issue.

It remained unclear last night whether a new form of words on the land question would suffice, or whether further concessions on the creation of a fund by Britain would be necessary.

Elmer Goodman writes: Lord Carrington was accused of playing a "dangerous and dishonest game" at Lancaster House yesterday by a former Labour minister. Mr. Alex Lyon, who resigned from the Home Office and now sits on the Opposition back benches, claimed in a letter to Lord Carrington that all he had succeeded in doing so far was damaging Britain's name still further in the eyes of Africa.

Continued from Page 1

BL

to mobilise shop-floor opinion against the plan, Mr. Derek Robinson, chairman of the unofficial shop stewards combine, said.

Mr. Michael held nearly seven hours of talks with the Confederation prior to his Board meeting. Union leaders stood by for further consultation by the Board.

The main points of controversy must centre on the handling of any ballot: whether it would be conducted jointly by unions and management; how the question would be posed and what supporting documents would be available.

Sir Michael undoubtedly sought assurances from the Confederation that they would help to deliver a Yes vote.

The only real test so far of shop-floor opinion was at the Park Royal bus factory, London, where the 650 workers have already agreed redundancy terms.

Weather

UK TODAY

CLOUDY and some rain later, particularly in north. Drier in south. S. Wales, N.E. England, E. Anglia. Cloudy, some rain. Drier and brighter later. Max. 15C (59F). W. Midlands, E. and Cent. N. England.

Mainly dry. Sunny periods later. Max. 14C (57F). S. Wales, N.E. England. Mainly dry with cloud and rain later. Max. 14C (57F). N. Wales, N.W. England, S.W. and N.W. Scotland, Borders, Ulster.

Dry. Cloud and some rain later. Max. 13C (55F). N.E. Scotland, Cent. Highlands, Orkney, Shetland. Mainly dry. Cloud and rain later. Max. 12C (54F). Outlook: Rain. Brighter periods later.

WORLDWIDE

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| Amman | 17 | 17 | 17 |
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Employers want to provide for review of existing closed shops

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is likely to come under increased pressure during the next few weeks to strengthen its labour law proposals so that they provide for a statutory review of existing closed shops.

At present, the proposals specifically cover only new closed shops. But, in the wake of the recent engineering strike, leading employers want to have the statutory right to test whether their employees wish to abandon existing closed shop agreements.

This emerged yesterday after the Confederation of British Industry's monthly council meeting had reviewed the engineering strike settlement, which has been widely interpreted as a defeat for the employers.

There were strongly contrasting views voiced during the council meeting about the merits of the settlement, which included a cut in the 40-hour week in 1981.

But employers appear to have been unanimous that the main lesson to be learned was that the balance of power in industry needs changing through new labour laws and through measures such as the strike insurance scheme now being drawn up by the CBI.

"We kept coming back to the point that, until the balance of power is changed, we could not achieve the settlements we want," Sir John Methven, CBI director-general, said.

Employers had said that their employees had often obeyed the two-day strike calls because they worked in closed shops and did not want to risk losing their union card by going to work.

This meant that the law should cover existing closed shops, a point which, it is understood, is now under consideration by the Government.

The Government's present labour law proposals say that a proposed code of practice could "perhaps" cover periodic reviews of current agreements. Now employers will insist that reviews are included and some will urge that they are put into the main legislation as well. This would give the point more legal force, but might make it more difficult to interpret in practice.

This compares with a 58 per cent increase in single room (with breakfast) rates at the Dorchester, a 56 per cent rise at EMI's Royal Westminster, and a 63 per cent rise at Aer Lingus's London Tara hotel.

Expotel says that there has been less business during this year, primarily in tourist traffic. "It is fair to say that the commercial business market has remained reasonably strong. However, it is naturally only a matter of time before this market must look very carefully at its costs."

The company warns of the prospect of further large individual increases which would be necessary to compensate for lower rates for groups.

News Analysis, Page 7

£90-a-night hotel room arrives

BY ARTHUR SANDLES

LONDON has its first £90-a-night standard hotel room. That is what the Ritz, part of the Trafalgar House Group, is now charging for a twin-room, inclusive of Value Added Tax and English breakfast.

For American visitors, this means that the £200 a night figure has been passed.

London's most expensive standard single rooms are at the Inn on the Park, which charges £71.60 for bed and English breakfast.

The record for the biggest price rise over the past two years goes to Rank Hotel's Royal Lancaster, where single-room rates (with breakfast) have risen by 85 per cent to £55 a night, and twin-room rates

have gone up by 65 per cent to £86 a night.

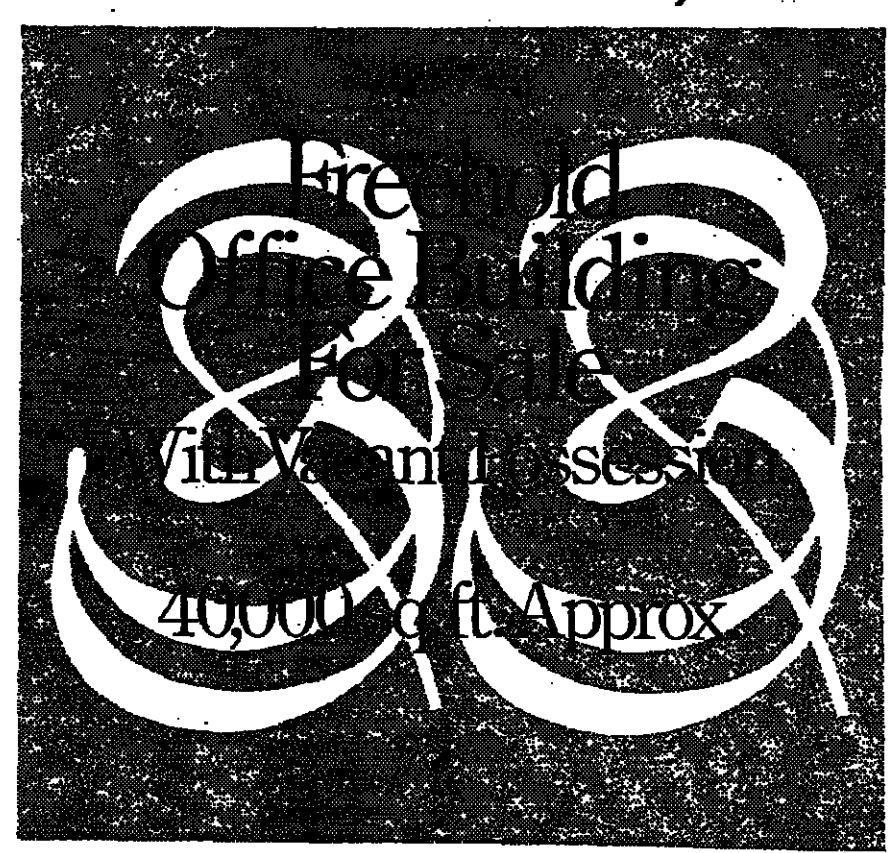
A survey of London hotel prices by the Expotel group, a hotel booking and consultancy organisation, suggests that price rises of 30 to 50 per cent over the past two years have been the norm rather than the exception.

Several London hotels have increased their rates by much more, although sometimes upgrading a property produces higher tariffs.

Although the Ritz is among the most expensive hotels in London, the percentage increase in its charges recently has been relatively modest. The Expotel report shows a 17 per cent increase in single rates, and a 35 per cent rise in twin-room tariffs.

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